Lawrence Berkeley National Laboratory
Management and Operations
FY 2006 Evaluation Report

Introduction

The University of California (UC) is under contract to the Department of Energy (DOE) to manage Lawrence Berkeley National Laboratory (LBNL). Clause H.14 of Contract number DE-AC02-05CH11231 requires that UC "utilize a comprehensive approach for overall Laboratory management. The performance-based management approach will include the use of objective performance goals and indicators, agreed to in advance of each performance evaluation period, as standards against which the Contractor's overall performance of the scientific and technical mission obligations under this contract will be assessed."

The mechanism for evaluating the management-based approach is the Performance Evaluation of Measurement Plan (PEMP), which is organized by Goals, Objectives, Measures, and Targets. The performance-based approach focuses on LBNL's performance against these Goals. The DOE Office of Science (DOE/SC) mandates that each SC Lab, including LBNL, establish the same eight goals in the PEMP. The eight goals are:

1. Provide for Efficient and Effective Mission Accomplishment

2. Provide for Efficient and Effective Design, Fabrication, Construction and Operations of Research Facilities

3. Provide Effective and Efficient Science and Technology Program Management

4. Provide Sound and Competent Leadership and Stewardship of the Laboratory

5. Sustain Excellence and Enhance Effectiveness of Integrated Safety, Health and Environmental Protection

6. Deliver Efficient, Effective, and Responsive Business Systems and Resources that Enable the Successful Achievement of the Laboratory Mission(s)

7. Sustain excellence in Operating, Maintaining, and Renewing the Facility and infrastructure Portfolio to Meet Laboratory Needs

8. Sustain and Enhance the Effectiveness of Integrated Safeguards and Security Management (ISSM) and the Emergency Management System

DOE/SC also requires each SC Lab to use the same Objectives to measure progress against the performance Goals. For the Management and Operations Goals, UC, DOE,

and LBNL functional managers establish performance Measures and Targets to measure successful fulfillment of the Objectives.

This document reports LBNL's success in achieving the five Management and Operations Goals (Goals 4 through 8) and Objectives by describing performance against the Measures and the established Targets. The report also incorporates performance outside of the specific Measures and Targets, including identifying key achievements and opportunities for improvement.

Executive Summary

LBNL exceeded all of the performance Goals and Objectives established in the PEMP. For each of the five Management and Operations Goals, performance was in the A range of the DOE letter grade/ numeric score scale established in the PEMP. The Lab's overall score is 4.0, an A.

FY 2006 LBNL Management and Operations Evaluation Score Calculation

M&O Performance Goal	Letter Grade	Numeric Score	Weight	Weighted Score	Total Score
4 Leadership and Stewardship of the Laboratory	A+	4.2	25%	1.05	
5 Integrated Safety, Health and Environment Protection	A	3.9	22%	0.86	
6 Business Systems	A	4.0	25%	1.00	
7 Operating, Maintaining and renewing Facility and Infrastructure Portfolio	A-	3.7	20%	0.74	
8 Integrated Safeguards and Security Management and Emergency Management System	A+	4.1	8%	0.33	
Total Management & Operations Score					**4.0**

LBNL had many notable achievements in Laboratory Management and Operations during fiscal year 2006 (FY06). Concerted effort and collaboration across all of the Lab's Management and Operations organizations has resulted in a high level of performance and meeting short and long-term objectives.

During FY 2006 Laboratory leaders made strides in further developing programs in low-carbon fuels, astrophysics, x-ray science, and computational research. Director Steven

Chu advanced a planning agenda to strengthen Berkeley Lab as a world-leading scientific institution, further defining areas of distinctive DOE mission focus. Director Chu worked with Secretary of Energy Samuel Bodman, Office of Science (SC) Director Ray Orbach, and Berkeley Site Office (BSO) Manager Aundra Richards to set research and operations priorities.

The UC Office of the President (UCOP) actively supported the Lab's scientific and operation mission. UCOP appointed a distinguished LBNL Advisory Board with a balance of institutional and disciplinary backgrounds, co-chaired by Norman Augustine (Member, President's Council of Advisors on Science and Technology Policy and Former Chairman and CEO of Lockheed Martin) and Bruce Darling (UCOP's Executive Vice President, University Affairs). The Advisory Board approved of the current direction of LBNL and also made a number of valuable suggestions on science programs, infrastructure, and business management. UCOP made debt capacity available in FY 2006 for the User Guest House and provided a planning framework for bringing funding and design of two research buildings forward to the Regents in FY 2007 for review and approval. The UC/LBNL Contract Assurance Council met monthly during the year to advise UC and Laboratory management of issues needing management attention. Finally, UC's corporate office provided staff both directly and through its sister laboratory to fill critical personnel needs at LBNL, including both the EH&S Division Director (from UCOP) and the Bevatron D&D Project Manager (from LLNL).

LBNL leadership participated in noteworthy leadership in national and international science and technology planning. Director Chu participated in the assessment and review of the technological competitiveness of the United States, serving on the National Academy of Sciences' Committee on Prospering in the Global Economy of the 21st Century, which published its "Gathering Storm" report in February 2006. During FY 2006 Dr Chu also co-leads the current the InterAcademy Council (IAC, including the world's science academies) on an in-depth study on how to achieve global transition to an affordable, sustainable, clean energy supply.

The Laboratory also expanded institutional connections and partnerships in 2006 at the DOE Joint Genome Institute (with ORNL and PNNL); at the Advanced Light Source (with SLAC and other organizations), at the Molecular Foundry (with universities and industry) and in the Physics and Nuclear Sciences Divisions (with the SuperNova/ Acceleration Probe activities, with the Daya Bay in China, and at the Deep Underground Science Laboratory (in South Dakota).

LBNL made noteworthy improvements in Work-for-Others management information through an online data access and review portal and through the preparation of a 2007-2008 Work-For-Others Report and Plan. The Laboratory also implemented a noteworthy, first-ever comprehensive workplace climate survey in June 2006 that will be used to inform and improve management practices in the coming fiscal year.

Director Chu and his leadership team worked throughout FY 2006 to further responsive and accountable management throughout the Laboratory. The Director's newly structured Senior Leadership Council (SLC) provided the Director with advice, counsel, and decision support on tactical and strategic issues. Notably, LBNL leaders successfully transformed Berkeley Lab's safety performance to a level that places it among the top

performers of SC labs, meeting the Total Recordable Case rate (TRC) target and exceeding the Days Away and Restricted Time (DART) case rate target.

The Environment, Health & Safety (EHS) Division developed a training course on ES&H obligations for managers, supervisors and principal investigators in science divisions. Scientists from every science division, 592 scientists in all attended the training, demonstrating the research divisions' commitment to safety. In an effort to provide the most effective training possible, some divisions tailored the class to hazards present in their work and had knowledgeable researchers from within their own divisions conduct the training. Another new safety class was developed to assist supervisors in conducting safety inspections.

LBNL commissioned two in depth reviews of our Integrated Safety Management Program in an ongoing effort to improving implementation of ISM. The Lab reinvigorated safety communications through a multifaceted campaign. New safety communications include a safety banner at the gate entrances, pilot video display at the cafeteria, web based 1-Minute-4-Safety slides for safety communication, safety bookmarks, and an ergonomic safety poster session at the cafeteria. Recognizing that every individual is responsible for safety, LBNL awarded 31 Safety Spot Awards to employees in recognition of their safety contributions to the Lab.

LBNL Health Services received a three-year extension of its accreditation by the Accreditation Association for Ambulatory Health Care (AAAHC). The voluntary accreditation represents achieving the highest quality standards published for occupational health services. The LBNL Emergency Management System was validated by an external auditor. This initiative, a collaborative effort of several LBNL organizations, has resulted in the implementation of multiple programs to reduce adverse environmental impacts.

Led by the Office of the Chief Financial Officer, the Laboratory effectively implemented DOE requirements for the OMB Circular A-123 project to define and test financial controls currently in place. The results validated current financial controls and identified no material weaknesses. The Procurement Department introduced a new "eBuy" system for the purchase of standard catalog items. eBuy electronically integrates supply chain activities including requisitioning, ordering, receiving, invoicing, and payment. This system eliminates several layers of administrative processing, which gives end-users improved delivery service while reducing transaction costs, greatly enhances controls and visibility compared to exiting B2B contracts, and eliminates the need to maintain thousands of catalog items.

The Human Resources (HR) Department proved to be a strategic business partner to Laboratory management. The Department redesigned the structure and staffing levels of the General Sciences HR Center and the delivery of recruitment services. HR developed a new approach for managing Scientist & Engineer (S&E) salaries, recognizing that maturity curves were no longer meeting our needs, and revitalized the Laboratory's training and development program through the implementation of the Berkeley

Laboratory Institute (BLI). Human Resources also prepared a Manager Development Program that will target rising stars who are promising scientific and/or operations management candidates in the near future or current managers who would benefit by the training.

The LBNL IT Institutional Systems Department, working with the Project Management Office, developed a mechanism to track cost and schedule and report progress for Enterprise Control Steering Committee (ECSC) application development projects. The process for tracking ECSC projects to cost and schedule is in place to develop performance numbers for out years.

LBNL reported 98.8% of new invention disclosures to DOE within 60 days and obtained more than $2.9 million of income. In addition, the Laboratory held a major multi-Lab and University peer review of LBNL's Technology Transfer and Patents' Department operations that reflected a favorable outcome when benchmarked against others.

LBNL management of the facility and infrastructure produced several noteworthy accomplishments during FY06. LBNL spent over $16 million on routine and deferred maintenance, surpassing our commitments to DOE. LBNL exceeded energy reduction goals by over 100% in all categories mandated in the President's Directive on Energy Conservation following Hurricanes Katrina and Rita. CD4A approval for the Molecular Foundry was achieved ahead of schedule and under budget projections, which resulted in additional contingency used to purchase technical scientific equipment. Project management costs of small to medium projects were reduced from 17% of total project cost to an average of 6%-8%. Most notably, the LBNL Contract Initiative for an Integrated Facility Maintenance System remains on schedule with complete FIMS integration planned for FY07. This initiative is being closely monitored by DOE headquarters for potential application across the DOE complex.

Substantial improvements were made to the LBNL Emergency Management System in FY06. Compliance with the NFPA 1600 standard was the most significant and challenging measure undertaken. This involved the updating of the Master Emergency Program Plan (MEPP), and developing and publishing the Emergency Preparedness Program Strategic Plan (EPPSP), the Business Continuity Plan (BCP), and the Disaster Assessment Team Plan.

LBNL's Cyber Security Program had an exceptional year. A number of new technologies were deployed, including advanced internal monitoring and Windows desktop management, leading up to a major full scope audit of LBNL's cyber security program. This review, a collaborative effort between LBNL, the Office of Science, and the Office of Safety and Security Performance Assurance, included extensive penetration testing, social engineering, and concerted attempts to break LBNL's defenses and hack systems, as well as multi-day reviews of LBNL's cyber security posture. The review indicated that LBNL has a robust and effective cyber security program and a senior official of DOE stated that we have "set the bar for the Office of Science." LBNL continues to play a major role in the cyber security community, with its continued

development of the Bro Intrusion Detection System and close technical working relationships with other R&E institutions and the Labs.

LBNL also improved its methods to ensure the Laboratory provides an efficient and effective system for the protection of special nuclear material, as LBNL developed and implemented an internal procedure to implement DOE Manual 474.1-2A, *Manual for Nuclear Materials Management and Safeguards System,* in a graded approach.

While the Lab enjoyed many successes during FY06, several opportunities for improvement are recognized. Although LBNL met the TRC target and exceeded the DART target, the two aforementioned ISM reviews identified many areas requiring further improvement. LBNL is actively engaged in pursuing the opportunities for comprehensive ISM improvements that will be a high priority effort through FY 2007 and beyond.

Opportunities exist for improving Business Systems to meet best in class standards. In an effort to improve reconciliation timeliness, LBNL self-identified one travel account with persistent reconciliation problems and acted aggressively to mitigate concerns. While this account is only one out of an average of 250 account reconciliations performed each month (or 0.4%), it involves a large number of transactions. Another issue that was self-identified involved an under-accrual of performance fee that occurred during the transition from Contract 98 to Contract 31. The problem was identified early in the fiscal year, and a solution for covering the shortfall was found so that funding problems at year-end were avoided. Finally, an Inspector General (IG) Audit on "The Department's Utilization of Fleet Vehicles" was particularly critical of LBNL's motor vehicle utilization. The IG Report used utilization standards that were different from LBNL's standards, which were tailored to the practicalities of vehicle use at a compact site in a hilly terrain. Nonetheless, the Laboratory has committed to develop standards for FY 2007 that are closer to best practices at other sites, and the current year's score for motor vehicle utilization is adjusted downward despite meeting the Balanced Scorecard targets.

In the second quarter of FY06, a new Bevatron (B51) Demolition Project team was put in place to revise the planning documents for B51 demolition. The team proposed an alternate demolition plan that has resulted in a $15M reduction of the estimated total project cost, a significant opportunity for improvement over the previous plan.

In the July 2006 GPP Monthly Report to DOE for the Oakland Scientific Facility Power Upgrade Project, the Total Estimated Cost (TEC) was projected at $4,148k. This exceeded the $2,600k amount DOE authorized on April 20, 2006. A request to increase the authorization amount to $4,550k was approved by DOE on September 19, 2006. Several corrective actions have been implemented to improve current approval practices.

In FY07, LBNL will work earnestly to continue the positive performance in Laboratory Management and Operations, expanding on the successes already achieved and implementing current and future opportunities for improvement.

Goal 4.0: *Provide Sound and Competent Leadership and Stewardship of the Laboratory*

The Contractor's Leadership provides effective and efficient direction in strategic planning to meet the mission of the overall Laboratory; is accountable and responsive to specific issues and needs as required; and contractor office leadership provides appropriate levels of resources and support for the overall success of the Laboratory.

Executive Summary

For Goal 4.0, LBNL achieved a numerical score of 4.2, an equivalent of an A+. Goal 4.0 has three objectives with a total of 13 measures.

During FY 2006 Director Steven Chu advanced a planning agenda to strengthen Berkeley Lab as a world-leading scientific institution, further defining areas of distinctive DOE mission focus. Director Chu worked with Secretary of Energy Samuel Bodman, Office of Science (SC) Director Ray Orbach, and Berkeley Site Office (BSO) Manager Aundra Richards, to set research and operations priorities. Laboratory leaders made strides in further developing programs in low-carbon fuels, astrophysics, x-ray science, and computational research. Director Chu participated in national and international science leadership activities on technical competitiveness and sustainable energy research and technology. Director Chu and his senior leadership team (Deputy Director Fleming and Associate Laboratory Director/Chief Operating Officer McGraw) meet with BSO Manager Richards on a regular basis to address management and organizational developments and current issues, and initiate follow-up actions. Dr. Chu regularly engaged UC President Dynes and campus chancellors to strengthen university support and collaborations with Berkeley Lab.

The UC Office of the President appointed a distinguished LBNL Advisory Board with a balance of institutional and disciplinary backgrounds. The Advisory Board, co-chaired by Norman Augustine (Member, President's Council of Advisors on Science and Technology Policy and Former Chairman and CEO of Lockheed Martin) and Bruce Darling (UCOP's Executive Vice President, University Affairs) held its first meeting in April 2006, addressing both scientific and operational programs. The Board approved of the current direction of LBNL and also made a number of valuable suggestions on science programs, infrastructure, and business management. In addition, during FY 2006 the Office of the President provided advice and counsel to the Laboratory on financial management and controls, human resources management and labor relations, facilities and environmental planning and project management. The Office of the President made debt capacity available in FY 2006 for the User Guest House and provided a planning framework for bringing funding and design of two research buildings forward to The Regents in FY 2007 for review and approval. Further University scientific resources were coupled to LBNL with the number of University-Laboratory joint appointments increasing from approximately 260 to 274.

The University/Berkeley Lab Contract Assurance Council met monthly during FY 2006 to advise UC and Laboratory management of issues needing management attention. The Office of Institutional Assurance developed a Contract 31 Risk Registry to track significant risks to contract performance and kept the Assurance Council well informed

of contract implementation. UC's corporate office provided staff both directly and through its sister laboratory to fill critical personnel needs at LBNL, including both the EH&S Division Director (from UCOP) and the Bevatron D&D Project Manager (from LLNL). The Project Management Office conducted vetting reviews that effectively prepared projects and programs for DOE reviews.

Director Chu and his leadership team worked throughout FY 2006 to further responsive and accountable management throughout the Laboratory. The Director's newly structured Senior Leadership Council (SLC) provided the Director with advice, counsel, and decision support on tactical and strategic issues. Notably, LBNL leaders successfully transformed Berkeley Lab's safety performance to a level that places it among the top performers of SC labs, meeting the Total Recordable Case rate (TRC) target and exceeding the Days Away and Restricted Time (DART) case rate target. A comprehensive plan to further improve Integrated Safety Management is also underway throughout the organization to gain further improvements in FY 2007. Director Chu appointed new leadership for the Molecular Foundry (Director Carolyn Bertozzi), the Advanced Light Source (Director Roger Falcone), and the Environment Health and Safety Division (Director Howard Hatayama).

Noteworthy Practices

Berkeley Lab leadership participated in noteworthy leadership in national and international science and technology planning. Director Chu participated in the assessment and review of the technological competitiveness of the United States, serving on the National Academy of Sciences' Committee on Prospering in the Global Economy of the 21st Century, which published its "Gathering Storm" report in February 2006. During FY 2006 Dr Chu also co-leads the current the InterAcademy Council (IAC, including the world's science academies) on an in-depth study on how to achieve global transition to an affordable, sustainable, clean energy supply.

The Laboratory also expanded institutional connections and partnerships in 2006 at the DOE Joint Genome Institute (with ORNL and PNNL); at the Advanced Light Source (with SLAC and other organizations), at the Molecular Foundry (with universities and industry) and in the Physics and Nuclear Sciences Divisions (with the SuperNova/ Acceleration Probe activities, with the Daya Bay in China, and at the Deep Underground Science Laboratory (in South Dakota).

LBNL made noteworthy improvements in Work-for-Others management information through an online data access and review portal and through the preparation of a 2007-2008 Work-For-Others Report and Plan. LBNL established the project data online access to facilitate reviews and enable online approvals.

The laboratory implemented a noteworthy, first-ever comprehensive workplace climate survey in June 2006. The survey measured focus on job satisfaction, physical working conditions, peers, supervision/management, diversity, respect/civility and work/life balance. The survey will be used to inform and improve management practices in the coming fiscal year.

UC's corporate office and affiliated institutions provided staff to fill critical personnel needs at LBNL, including both the EH&S Division Director and the B51/Bevatron D&D Project Manager. UC's Contract Assurance Council was kept well informed through a comprehensive inventory of Operations' assessment and assurance systems and a Contract 31 Risk Registry, to track significant risks to contract performance.

Opportunities for Improvement

Although LBNL met the TRC target and exceeded the DART target, a January ISM Review, the DOE ISM Validation Review, and McCallum-Turner ISM Review identified many areas requiring further improvement. LBNL is actively engaged in pursuing the opportunities for comprehensive ISM improvements that will be a high priority effort through FY 2007 and beyond.

In the second quarter of FY 2006 a new Bevatron (B51) Demolition Project team was put in place to revise the planning documents for B51 demolition. The team proposed an alternate demolition plan that has resulted in a $15M reduction of the estimated total project cost, a significant opportunity for improvement over the previous plan.

The Lessons-Learned program is currently being utilized for EH&S items only. The Lab's intent is to use the program more generally Lab-wide. The program should be extended and a set of up-to-date procedures for access, entry, and dissemination will be documented and posted on the lessons-learned website.

In addition to continuous improvement in Facilities support services, as described in their Strategic Plan, continued implementation of the new Budget system and other processes have been targeted for efficiency improvements, including Travel, Accounts Payable, and Property Management.

The number of University-Laboratory joint appointments increased from approximately 260 to 274 during FY 2006. The Laboratory, with the support of the University, is also seeking to strengthen the depth of recruitment programs through more jointly funded appointments and through a new Seaborg Fellowship program. It is expected that these opportunities will grow in FY 2007.

Goal Score

ELEMENT	Letter Grade	Numerical Score	Objective Weight	Weighted Score	Total Points
4 Effectiveness and Efficiency of Contractor Leadership and Stewardship					
4.1 Provide a Distinctive Mission for the Laboratory and an Effective Plan for Accomplishment of the Vision to Include Strong Partnerships Required to Carry Out those Plans	A+	4.2	40%	1.7	
4.2 Provide an Assurance System for Responsive and Accountable Leadership throughout the Organization	A+	4.2	30%	1.25	
4.3 Provide Efficient and Effective Corporate Office Support as Appropriate	A+	4.2	30%	1.25	
Performance Goal 4 Total					4.2

Performance Evaluation

Performance Objective 4.1: Provide a Distinctive Vision for the Laboratory and Effective Plans for Accomplishment of the Vision to Include Strong Partnerships Required to Carry Out those Plans

Summary of Performance

During FY 2006 Director Steven Chu advanced a planning agenda to strengthen Berkeley Lab as a world-leading scientific institution in its distinctive DOE mission focus. Director Chu worked with Secretary of Energy Samuel Bodman, Office of Science (SC) Director Ray Orbach, and Berkeley Site Office (BSO) Manager Aundra Richards to address research priorities and strengthen management. Laboratory leaders made strides in developing new programs in sustainable energy, astrophysics, and biological research. Director Chu also participated in national and international science leadership activities on technical competitiveness and sustainable energy. Berkeley Lab leadership successfully planned a NERSC procurement that will greatly expand computational capabilities, to be installed in FY 2007. Notably, LBNL leaders successfully transformed Berkeley Lab's safety performance to a level among the top performers of SC labs, meeting the TRC target and exceeding the DART target. A comprehensive plan to further improve Integrated Safety Management is also underway.

New leadership was appointed for the Molecular Foundry (Director Carolyn Bertozzi) Advanced Light Source (Director Roger Falcone), and the Environmental Health and Safety Division (Director Howard Hatayama). Berkeley Lab Director Chu and his senior leadership team (Deputy Director Fleming and Associate Laboratory Director/Chief Operating Officer McGraw) meet with BSO Manager Richards on a regular basis to address management and organizational developments and current issues, and initiate follow-up actions. Beginning in FY 2006 The Director's Senior Leadership Council (SLC) replaced the former Director's Action Committee (DAC). The SLC provided the Director with advice, counsel, and decision support on tactical and strategic issues.

In FY 2006 UC managers at Berkeley Lab are implementing the UC proposed Science Strategy and are prioritizing and tracking the 26 Management Initiatives to follow up on the contract proposal and FY 2006 implementation plans. Many of the scientific directions were supported through Laboratory Directed Research and Development (LDRD), and the BSO participated in LDRD Lab-wide proposal reviews and reviews of the Annual Plan. LBNL worked closely with BSO/DOE in preparation of Laboratory facility plans; participated in ISM reviews and validations and worked to develop a 2007-2008 outlook for Work for the Others program.

Noteworthy Practices

Berkeley Lab management engaged in noteworthy leadership in national and international science and technology planning. Director Chu participated in the assessment and review of the technological competitiveness of the United States, serving on the National Academy of Sciences Committee on Prospering in the Global Economy of the 21st Century. The committee developed recommendations and a coordinated federal effort to bolster U.S competitiveness. The study became a backbone of U.S. science policy for FY 2007-2008. In FY 2006 Dr Chu co-leads the current InterAcademy Council (IAC, including the world's science academies) effort on an in-depth study on how to achieve global transition to an affordable, sustainable, clean energy supply.

The Laboratory also greatly expanded institutional connections in 2006 for the JGI. A JGI Laboratory Science Program (LSP) manager with a joint appointment at Oak Ridge National Laboratory has been appointed and is working with other labs to fully exploit the science that is possible with the sequences generated at the Production Sequencing Facility. PNNL and ORNL were both officially incorporated into the DOE JGI last year by a MOU. The LSP is expected to use 15 to 20 percent of the JGI's sequencing capacity, which is currently over 35 billion bases per year.

The Laboratory, with UCOP and LLNL, has completed plans for new collaborations at the frontier of high energy density physics and materials science under extreme conditions with Stanford and other UC campuses. The overall planning effort, under the leadership of ALS Division Director Roger Falcone, is directed towards harnessing strengths of the UC system to understand fundamental issues in materials at extreme conditions, and to provide an identifiable entity for leadership in ultrafast science. As a step toward this goal, we are proposing an Institute for Material Dynamics at Extreme Conditions (IMDEC) as a mechanism for collaboration building. The effort contributes to the science program planned at the Linear Coherent Light Source at Stanford.

For a second year, Berkeley Lab worked closely with the DOE Office of Science (SC) to develop and produce a draft Business Plan as part of a DOE SC system-wide initiative to develop new vehicles for planning as well as presenting the national labs to external audiences.

The Laboratory has taken further steps for updating Laboratory Mission-related information for the Ten Year Site Plan (TYSP). This includes scientific missions and program directions that provide a clear understanding of the distinctive characteristics of the Laboratory. The Current and Future Mission section of the TYSP now includes tables that specifically track each DOE program area with a summary description of the current research, research trends and new directions, and the resultant facilities needs. This identification was performed at the program and subprogram level for Advanced Scientific Computing Research, Basic Energy Sciences, Biological and Environmental Research, Fusion Energy Sciences, Nuclear Physics, DOE Energy Technology Programs, and Work for Others.

LBNL made noteworthy improvements in Work-for-Others management through online data access and review system, and through the preparation of a 2007-2008 Work-For-Others Report and Plan. The Plan included a description of the role of the WFO Program, planning activities, projected funding (as BA and Costs), and major projects and sponsors. LBNL provided BSO online access to project data to facilitate its reviews and enable online approvals.

The Laboratory implemented a noteworthy, first-ever comprehensive workplace climate survey in June 2006. The survey focused on job satisfaction, physical working conditions, questions relating to peers, supervision/management, diversity, respect/civility and work/life balance. Director Chu encouraged all employees to complete the on-line survey as an effort to more effectively engage the staff regarding their experiences. The survey concluded on July 20 with an excellent response rate. The survey will help to improve management practices in the coming fiscal year.

Berkeley Lab has initiated a comprehensive tracking and assessment program for students in mentored research experience programs retroactive to FY 2000. The target population includes participants in the undergraduate programs sponsored by the Office of Science and supported by DOE funds directly to Center for Scientific and Engineering Education (CSEE) or through programmatic support from scientific divisions at Berkeley Lab. Based on the data gathered, reports on the impact of the programs on students have been completed. Ongoing mentor contacts and program strengths have been identified. Students are being notified of future education and career opportunities at Berkeley Lab.

Opportunities for Improvement

Although LBNL met the TRC target and exceeded the DART target, a January ISM Review, the DOE ISM Validation Review, and McCallum-Turner ISM Review identified many areas requiring further improvement. LBNL is actively engaged in pursuing the opportunities for comprehensive ISM improvements that will be a high priority effort through FY 2007 and beyond. These ISM improvements activities will be closely coordinated and will be overseen by the Berkeley Site Office.

In the second quarter of FY 2006 a new Bevatron (B51) Demolition Project team was put in place to revise the planning documents for B51 demolition. The team proposed an alternate demolition sequence and that the start of demolition be delayed so that the work could be completed without interruption. These revisions to the plan have resulted in a $15M reduction of the estimated total project cost, a significant opportunity for improvement over the previous plan. The project leadership worked in close coordination with BSO and the Strategic Facilities Infrastructure (SFI) Office at DOE HQ for approval of this approach.

Objective 4.1 has five measures and the grade is A+ (4.2)

Measure	Grade	Numerical Score	Avg. Numerical Score for Objective 4.1
4.1.1	A+	4.3	
4.1.2	A+	4.3	
4.1.3	A+	4.1	
4.1.4	A+	4.1	
4.1.5	A+	4.2	
Performance Objective 4.1 Total			4.2

Note: All measures equally weighted

Performance Measure 4.1.1: The Laboratory Business Plan or Institutional Plan provides all required data in a clear and concise manner and is completed within established guidelines and schedules. The Laboratory Mission included in the plan provides a clear understanding of the distinctive characteristics of the Laboratory.

Target: Final Business Plan or updated FY 2007-2011 Institutional Plan, will be a quality document consistent with DOE schedule and guidance and will include a distinguishing mission statement.

Performance: Grade is A+ (4.3).

Berkeley Lab has been an active participant in the SC system-wide effort led by the Office of the Director, SC-1 to define and produce Laboratory Business Plans for the FY 2006-2010 period. Berkeley Lab provided SC with a consolidated Business Plan in October and December, 2005. Berkeley Lab worked closely and responsively with SC and the BSO to refine the documents in timely fashion. Utilizing the draft materials, SC finalized the 2007-2011 Lab Business Plans and distributed them to OMB and Congress at the end of the Second Quarter 2006. The Head, Office of Planning and Development has been in discussions with Devon Streit and other Lab Planners, and the current status is that this Business Planning effort was well regarded by SC-1 and that it addresses the institutional planning needs for FY 2006.

The Laboratory has taken further steps for updating Laboratory mission-related information for the remainder of FY 2006 through a revised Ten Year Site Plan (TYSP). This includes scientific missions and program directions that provide a clear understanding of the distinctive characteristics of the Laboratory. The TYSP was

completed in the Third Quarter 2006 with a substantially expanded section on Current and Future Missions for the Site. The Current and Future Mission section now includes tables that specifically track each DOE program area with a summary description of the current research, research trends and new directions, and the resultant facilities needs. This identification was performed at the program and subprogram level for Advanced Scientific Computing Research, Basic Energy Sciences, Biological and Environmental Research, Fusion Energy Sciences, Nuclear Physics, DOE Energy Technology Programs, and Work for Others.

Beyond the Target, Berkeley Lab leadership engaged in noteworthy leadership in national and international science and technology planning. Director Chu participated in the assessment and review of the technological competitiveness of the United States, serving on the National Academy of Sciences' Committee on Prospering in the Global Economy of the 21st Century. The committee developed recommendations and a coordinated federal effort to bolster U.S competitiveness in its "Gathering Storm" report published in February 2006. The study became a backbone of U.S. science policy for FY 2007-2008. In FY 2006 Dr Chu co-leads the current InterAcademy Council (IAC, including the world's science academies) on an in-depth study on how to achieve global transition to an affordable, sustainable, clean energy supply.

Performance Measure 4.1.2: Strategic partnerships are developed that demonstrate the Laboratory's leadership, leverage DOE resources, and support collaborative programs with other DOE laboratories, academic, and industry groups.

Target: Demonstrate growth and progress in the development of quality research partnerships and collaborations, for example at the new Molecular Foundry and for progress on the Joint Dark Energy Mission.

Performance: Grade is A+ (4.3).

The Molecular Foundry supports a wide variety of both collaborative and "user" projects. Some users need only to make, or have made, a specific nano-material. Others wish to use, or learn how to use, a state-of-the-art Foundry instrument, while a few seek guidance in developing a new instrument. Other users and numerous collaborators have complex research projects that involve extensive interaction on a specific project with Foundry staff. Finally, the Foundry is establishing "strategic" partnerships with other labs and companies. In these partnerships, the Foundry and partner institution develop a broad collaboration over a number of areas, for an extensive period of time, involving several staff from both sides.

The Foundry has developed such a partnership with Intel. Intel is interested in developing the next generation of lithography materials and wishes to collaborate with several of the Foundry facilities, most particularly the Organic and Macromolecule Synthesis facility. An Intel senior scientist is working at the Foundry, full time, for what we expect to be 3-5 years, and he has one other Intel scientist with him. Intel has funded the outfitting of a lab and provides funds to the Foundry to support two other scientists to work on the project. Significant progress on the project has been made. Two other industrial affiliations have resulted in the gifting of three

highly valuable additions of instrumentation to the Foundry– two Combinatorial Synthesizing Robots from Novartis and a Thomas Swann MOCVD from Agilent Technologies.

Foundry Research supported LLNL's National Ignition Facility in a partnership to develop fusion targets. Scientists there need hollow metal, uniform, small targets for their lasers and, after hearing about Foundry capabilities, determined that they would like to try hollow nanocrystals, a new material developed by Foundry scientists. The Foundry had been making these of semiconductor materials; LLNL needed special hollow particles. This required a significant research effort at the Foundry but once it was successful, the results inspired a subsequent project, that of developing "rulers" for nanometer sized structures.

Through the fourth quarter, the Foundry has had over 97 approved user projects, of which 39 have been completed, 27 are currently underway, and the balance are being readied. Approved projects have represented 213 users from around the world, 66% being from outside the local UC system. Users are from academia, government labs, and industry. Clearly the investment in the Foundry's staff and instrumentation has already been well-leveraged in the nanoscience community. A mid-year dedication ceremony attracted widespread interest from representatives of all groups of potential stakeholders. A two-day Molecular Foundry User Workshop held onsite in the third quarter attracted over 150 participants. The Foundry's Biological Nanostructures Facility hosted the well-attended Fifth Peptoid Summit in the fourth quarter. The Foundry also responded to a request from the press corps associated with the American Chemical Society National meeting, providing onsite in-depth presentations on materials and nanotechnology and a special facility tour, receiving enthusiastic national press coverage.

Berkeley Lab has developed strategic partnerships to advance the R&D needed to realize the Joint Dark Energy Mission. We have established collaborative programs at SLAC and Fermilab to leverage unique DOE resources at those laboratories in support of the overall mission R&D. SLAC is contributing on the focal plane guider and on the instrument control; Fermilab is working on the data-handling electronics, custom applications specific integrated circuit (ASIC) development for the front-end electronics, and on aspects of the mechanical design. We have also developed strategic partnerships with two NASA laboratories, Goddard Space Flight Center and the Jet Propulsion Laboratory to bring additional expertise in space-based instrumentation to the mission.

Collaborations with the academic community bring critical experience to the JDEM R&D program in spacecraft design, instrument testing, focal plane layout, and instrument calibration. In particular, our collaboration with the Space Sciences Laboratory at the University of California at Berkeley brings needed expertise in the design of the spacecraft and the telescope in addition to detailed analysis of the thermal and mechanical properties of the detector system. The university community includes Michigan, Caltech, Indiana, Pennsylvania, and Yale; each brings needed expertise to the mission design and scientific development of the program.

International collaboration is increasingly important to the R&D program to prepare for a Dark Energy Mission. The SNAP collaboration includes the University of Stockholm and two French national laboratories, IN2P3 and LAM. The French groups are designing the spectrograph that will be a vital component of the spacecraft.

Strategic partnerships with industry are vital to the success of the mission. A partnership with Dalsa Semiconductor is a key component of our strategy for the development of optical detectors. Dalsa is currently fabricating CCDs for testing at LBNL. Partnerships with Rockwell and Raytheon have permitted major improvements in the quality of near-infrared detectors. Both companies are producing new detector components for testing by the SNAP collaboration. Ball Aerospace and ITT/Kodak bring a wealth of experience in telescope design. Finally, Lockheed is playing a crucial role in the development of a new proposal to NASA for additional concept development for the mission. The proposal was submitted to NASA in March 2006.

LBNL hosted a meeting of the SNAP collaboration in June 2006. The meeting included technical presentations and reviews as well as discussions of the science opportunities for the collaboration. There were 123 attendees, including 47 non-members, some of those from industrial partners. In the past, participation in a collaboration meeting has been the first step to joining the project and the strong interest by non-members of the collaboration indicates that the partnership is strong and growing.

The Laboratory is also expanding institutional connections in other scientific programs. For the DOE Joint Genome Institute JGI, a Laboratory Science Program (LSP) manager with a joint appointment at Oak Ridge National Laboratory has been appointed and is working with other Labs to fully exploit the science that is possible with the sequences generated at the Production Sequencing Facility. PNNL and ORNL were both officially incorporated into the DOE JGI last year by a MOU. The LSP is expected to use 15 to 20 percent of DOE JGI's sequencing capacity, which is currently over 35 billion bases per year. Sequencing to be carried out under the LSP and other programs will include genomes of microbial communities, and individual microbes and plants, such as soybeans, to advance genomics in support of the DOE mission related to clean energy alternatives and environmental characterization and clean-up. Increased collaborations are occurring with the Department of Agriculture along these lines as well.

Along a different line of research, the Laboratory is expanding collaborations with the Stanford Linear Accelerator Center in its development of the Linac Coherent Light Source (LCLS). This includes participation on the LCLS Advisory Board, advancing LCLS performance through Enhanced Self Amplified Spontaneous Emission, and collaboration on the planned science program. In addition, the Laboratory has initiated new collaborations in high energy density physics and materials under extreme conditions with Stanford and UC campuses and LLNL. Our goal is to harness strengths of the UC system to understand fundamental issues in materials at extreme conditions, and to provide an identifiable entity for leadership in ultrafast science. As a step toward this goal, we are proposing the establishment of an Institute

for Material Dynamics at Extreme Conditions (IMDEC) as a mechanism for collaboration building.

Researchers from Berkeley Lab's Nuclear Science Division, in partnership with Earth Sciences, Physics and the Engineering Divisions, are leading an international scientific consortium for a Deep Underground Science and Engineering Laboratory (DUSEL) to be located at the Homestake Mine in South Dakota. The consortium has been making significant strides in planning and developing funding sources, and is among the finalists in a national scientific competition. The extensive collaboration, coordinated by the Berkeley Lab Chief Scientist, involves more than 100 investigators from 9 national laboratories, 43 U.S. universities and 15 universities from other nations. The Lab-led effort has made great progress in developing scientific interest, and by the end of FY 2006 there are more than 85 letters of interest for conducting experiments at the proposed facility.

Berkeley Lab is extensively involved in the California Institute for Quantitative Biomedical Research (QB3), a cooperative effort among UC Berkeley, UCSF, UC Santa Cruz and closely involving LBNL and private industry. QB3 is well aligned to Berkeley Lab's capabilities in multidisciplinary biology, and the Lab's interest to integrate the understanding of biological systems at all levels of complexity, from atoms and protein molecules to cells, tissues, organs and the entire organism. This long-sought integration allows scientists to attack problems that have been simply unapproachable before, setting the stage for fundamental new discoveries, new products, and new technologies. As an example, this year a QB3 scientist from UC Santa Cruz, utilizing LBNL's Advanced Light Source, developed the highest resolution imagery of the ribosome ever achieved, effectively locating every atom in the 300,000 atom structure.

For FY 2006, two of Berkeley Lab's four Research and Development 100 Awards were based on highly productive collaborations. Members of the Earth Sciences Division, working with colleagues at the Scripps Institution of Oceanography and WET Labs of Portland, Oregon developed the Carbon Explorer, a novel free-drifting instrument that submerges to measure particulate carbon in the upper layers of the ocean and returns to the surface to report by satellite from the most remote regions of the globe. Members of the Environmental Energy Technologies Division with colleagues at the Institute of Paper Science and Technology at the Georgia Institute of Technology developed a Laser Ultrasonic Sensor that ensures optimum paper quality and efficient use of trees, chemicals, and energy.

Performance Measure 4.1.3: Effectiveness of the Work-for-Others (WFO) planning, management, and reporting system that serves the needs of both LBNL and DOE, and facilitates the project approval process.

Target: Demonstrate effective progress in defining, and implementing an improved WFO information system and reporting protocol for the management and oversight of the WFO portfolio.

Performance: Grade is A+ (4.1).

Berkeley Lab staff, coordinated by the Manager of the Sponsored Projects Office, met with DOE BSO, to improve an information system and reporting protocol for the WFO program. The first step was development of an outline in December 2005 for proposed reports. This was followed-up in early January with a meeting to clarify issues or shortcomings of previous information and assess the needs of DOE. Substantive discussions were conducted to refine and implement documentation processes that would be most useful by all parties to management of the WFO program. A draft Quarterly Report and Plan was completed, and its contents jointly reviewed. The Plan included a description of the role of the WFO Program, planning activities, projected funding, and major projects and sponsors. There was discussion on how the budget information should be presented and how BSO can compare the volume of WFO to DOE work. It was decided that comparison based upon both Costs and BA would be useful. The report also provided BSO with the award and proposal actions. The WFO Report and Plan assisted BSO in developing detailed data for inclusion in the BSO self-assessment that was submitted to DOE HQ, and for developing documentation that led to the approval of LBNL's WFO program for FY 2007.

In the Third Quarter, LBNL demonstrated the RAPID DOE approval panel that will enable DOE to approve proposals on line and also obtain an abstract of the proposal. The Sponsored Projects Office (SPO) continued to meet with BSO to accomplish the roll out, including refresher training on how to use the system and give BSO the opportunity to work in a mock environment before it goes live. The roll out has been subject to systems security issues and to BSO securing the necessary machines and line drops for access. On July 14, SPO provided BSO with a live demonstration of the DOE approval panel for on-line WFO approvals. BSO was given a "how to" document that contained step-by-step screen shot instructions. The demonstration ended with BSO asked to decide who should have access to the system (each user needs a discrete logon to identify them using LBNL LDAP security). With the retirement of the BSO WFO Contracting Officer representative, another demonstration specifically for BSO management is scheduled by September 29th. At that time they can decide if the on-line approval project should go forward and who at BSO should have system access.

SPO and BSO also worked on terms and conditions for non-standard awards from foundations (specifically Susan B. Komen and American Heart Association). After much interaction between the offices, SPO drafted letters to both organizations (with DOE review and approval) to clarify and condition the acceptance of fellowship awards from both organizations (since they would not accept the DOE standard WFO agreements). These letters are currently under review at both organizations. This will facilitate the acceptance of future awards from these foundations.

Throughout the year, there were frequent meetings with SPO and BSO (contracts and legal) to work out contractual issues on WFO agreements and user agreements at the JGI and Molecular Foundry. These meetings help to ensure BSO is informed of and consent to the unique contractual changes requested by our sponsors and users. LBNL provided BSO with data to include in their WFO self assessment which resulted in the August 18, 2006 HQ approval of FY 2007 WFO funding level of $138.3M.

In August 2006, led by SPO, the Laboratory published a new Chapter 10 in the RPM. For the first time all Conflict Of Interest (COI) policies were put in one place so principal investigators had a single place to look for these resources. The sections on Federal COI and State COI policies were rewritten with forms updated as needed. In June 2005, Public Health Service (PHS) published new rules on research misconduct. The Lab is currently revising its research misconduct policies to be fully compliant with these new statutes and expects final implementation in early FY 2007.

A new challenge of the LBNL WFO program is the implementation of PL106-107, which mandates on-line proposal submission for federal grant applications. NIH is rolling out their implementation and as of Feb. 1, 2007 almost all LBNL proposals will go electronically through "Grants.gov". This requires training and new business processes. SPO is working with the scientific divisions on new procedures and training on the Grants.gov processes. This initiative may result in a system-to-system software solution for electronic proposal submission. A few commercial systems have been demonstrated to LBNL staff and there have been presentations of the benefits of an integrated research administration system, called Berkeley Lab Integrated Research Administration (BLIRA) to Lab senior management. This initiative will be further explored in the next fiscal year.

The WFO program has a strong partnership with BSO. This partnership is built around mutual trust and full disclosure of problems and issues. LBNL is also looking at ways of enhancing the effectiveness of its WFO program. SPO and BSO have also met to discuss WFO barriers and problems. This resulted in a "White Paper". Although not all issues could be resolved, the result was a better understanding of our mutual problems in managing the WFO program. SPO is also active in providing BSO with both CRADA and WFO closeouts. When CRADAs and WFO are closed at SPO, BSO is notified so they can close out their files also. The WFO program is effective as demonstrated by the hundreds of proposals reviewed by BSO during FY 2006. All proposals have been approved with no rejections, indicating the effectiveness of LBNL internal management review and controls.

Performance Measure 4.1.4: Laboratory Leadership strives to improve diversity of the workforce and the quality of the working environment and requires Workforce Diversity Planning by all Divisions.

Target: Demonstrate work environment improvement planning, at a minimum, by conducting workforce diversity planning in each division; and by developing and implementing a quality workforce climate survey, completing an analysis, and preparing recommendations for improvement to the work environment based on survey results.

Performance: Grade is A+ (4.1).

Workforce diversity planning actively continued in each division during the year. One significant effort was an overall review conducted through the Lab's Best Practices Diversity Council. This was a four-year retrospective of the divisions' diversity programs. A summary report is now being prepared to make recommendations to laboratory management based on the results of the review. Planning continued with

the divisions, and the summary report recommendations were prepared to review with management.

Another effort that concluded was an analysis of exit interviews of departing employees, also done under the auspices of the Best Practices Diversity Council. The conclusions were reported to the laboratory community as a whole in the November 18, 2005 *Berkeley Lab View.*

The laboratory also implemented its first-ever comprehensive workplace climate survey in June. The survey measures focus on job satisfaction, physical working conditions, peers, supervision/management, diversity, respect/civility and work/life balance. Director Chu encouraged all employees to complete the on-line survey as an effort to more effectively engage the laboratory staff regarding their experience at the lab and, in turn, help the lab improve management practices and organizational effectiveness. The survey concluded on July 20, descriptive and textual analyses of employee responses were completed. The survey generated 1709 responses from all levels of staff, 90% coming from career employees (45% return rate). In addition, 40% of the respondents provided narrative statements that will be summarized and included in the final report.

During FY 2006, workforce diversity planning actively continued in each division as previously reported. A significant effort was an overall four-year retrospective review of the divisions' diversity programs conducted by the lab's Best Practices Diversity Council. This effort evolved into a Compendium of best diversity practices and strategies at LBNL, in the areas of strategic recruitment, mentoring/pipeline, and training/awareness. The Compendium is intended to be a tool for divisions to enrich their diversity programs and activities. Summarized for the laboratory, the compendium was presented on August 22, 2006 to Dr. Chu, Lab Director, David McGraw, Chief Operating Officer, and Harry Reed, Lab Ombudsman and Head of Workforce Diversity Office. The Compendium included specific recommendations on lab-wide initiatives: 1. Strategic Recruitment, 2. Mentoring/Pipeline and 3. Training/Awareness. With respect to the adoption and implementation of the Compendium recommendations, further discussion is planned at an upcoming Division Director’s meeting.

Performance Measure 4.1.5: Effectiveness in maintaining appropriate relations with the community to include providing for science education opportunities, outreach, and open and honest communications.

Targets: Develop and implement a community outreach program in CY 2006 for the Laboratory’s 75th Anniversary celebrations. Develop an effective initial student pipeline tracking system to assess science education program successes and impacts.

Performance: Grade is A+ (4.2).

The Public Affairs Department’s Communications group has taken the lead on developing a year-long program (both in FY2006 and into FY 2007) of activities and materials to commemorate the 75th anniversary. Target audiences include employees, the Berkeley community, Bay Area region, and national stakeholders such as DOE

and Congress. Responsibilities for specific projects are shared by members of the Public Affairs team. The assignments reflect a broad set of outreach efforts, most of them achievable within current budget parameters.

Of particular note for community outreach are: a series of community lectures during the year sponsored by the "Friends of Science," laboratory support group to be promoted for public attendance, an "anniversary gala" dinner that will include prominent community leaders (a dinner in Washington D.C. is also envisioned), and a variety of exhibits and tours.

As a branding tool, a new logo for the anniversary has been developed and will be used on official correspondence and laboratory documents during the year. The Laboratory's web site will devote a section to the anniversary, and the monthly employee publication "The View" will include a feature in each issue highlighting different periods in the Lab's history.

More than 1,000 people attended the definitive event celebrating the 75th anniversary – Founders Day on August 26. The day's schedule included entertainment, a barbecue picnic, information tables, the filling of a time capsule, children's learning and fun activities, and a commemorative poster of founder Ernest O. Lawrence assembled from 5,000 images. Tours were offered to the employees, and their friends and family who attended. Lab Director Steve Chu hosted a noontime ceremony, which also featured Berkeley Mayor Tom Bates and California Assemblywoman Loni Hancock. The Director also read official tributes from U.S. Senator Barbara Boxer, U.S. Representative Barbara Lee, and California State Senator Don Perata.

Also during summer, a series of six historical summer lectures was completed, with capacity crowds (200+) at virtually each one. Planning also continued on a fall Anniversary Seminar and Tribute Dinner, which will feature a series of talks about Lab achievements past, present, and future. Community and government leaders will be invited to the event, scheduled for the Lab at the Claremont Hotel. A commemorative historical report, featuring all entries from the year-long Anniversary Legacy Series in the monthly "The View" newspaper, was being compiled and will be released for lab and public dissemination in late '06 or early '07.

In addition to addressing the 75th Anniversary target for community outreach, the Berkeley Lab Friends of Science program had a very successful year with nine events. Speakers included Shaw Prize Winner Saul Perlmutter on the expansion of the universe, and others focusing on nanotechnology, cancer research, and the history of science. Friends of Science continues to grow and to serve as an effective tool in developing strong Laboratory science supporters in the community. This year several lectures, including Saul Perlmutter's, were held offsite at a downtown Berkeley venue. The alternative venue was successful in reaching a broader audience than is typical. Attendance at the lectures ranged from 60 to close to 200. In addition to the Friends of Science programs, Lab scientists and administrators spoke at over 60 events throughout the community including service clubs, professional, technical, and environmental groups, and community fairs.

The Lab's tour program also saw a successful year. The community relations officer focused on targeted tours focused for groups strategically important to the Lab's community relations objectives, and provided 36 tours during the year, including the East Bay Economic Development Alliance 50-member Board of Directors.

The community relations officer and other Lab colleagues were extremely effective in working closely with City officials and commission members in addressing community issues related to the proposed demolition of the Lab's Bevatron and Building 51. Berkeley community concerns on contamination issues were addressed through discussions at several local commission meetings, a public involvement process was directed during the course of both state and federal environmental review (Oct. 2005 – present) and community interest in historic preservation and landmarking issues were successfully addressed and concluded (November 2005 – August 2006) when the Berkeley Landmarks Preservation Commission designated the Bevatron site, not the building, as a landmark to honor the scientific achievements resulting in four Nobel prizes from research performed at the Bevatron.

The community relations activities of greater long-term impact involved the support, participation, or sponsorship of a number of community efforts. Notable among these were the annual Lab sponsorship of an energy team for the local Rebuilding Together 27-home improvement program, the provision of technical and scientific resources for 1) energy assessments in Berkeley and Oakland, 2) the local League of Women Voters study of energy sources, supply, and policy, and 3) emergency preparedness community outreach assistance and training for hazardous and radioactive materials and fire protection.

For the second component of the target, the Public Affairs Department's Center for Science and Engineering Education (CSEE) has initiated a comprehensive tracking and assessment program for students in CSEE-managed mentored research experience programs going back to FY 2000. The target population includes participants in the undergraduate programs sponsored by the Office of Science and supported by DOE funds directly to CSEE or through programmatic support from scientific divisions at Berkeley Lab. It also includes student internships funded through partnership programs such as NSF and NIH and private donations. The purpose of the tracking effort is to assess the impact of CSEE-managed internships on the academic major, graduate school attendance rates, and career choices of the students. Another objective is to track the students to connect them to the applicant pools for future employment at Berkeley Lab. A major objective of the effort this year has been to increase the response rate of past participants. Additional funding for tracking participants in the High School Student Research Participation Program was sought and obtained from Stephen D. Bechtel Jr. FY 2006 reports on the impact of the programs on student science, engineering, and computing sciences careers have been completed. Ongoing mentor contacts and program strengths have been identified. Students are being notified of future education and career opportunities at Berkeley Lab. Those students who return are being identified.

In support of the broader science education directions of the lab, we had 78 undergraduate students and seven faculty participate in 10-week mentored research

internships from June to August. The seven faculty student teams were from minority serving institutions and community colleges. We have completed a tracking survey of undergraduate participants in our programs from 1997 to 2005. There are 745 students in this pool. We had responses from 184 students. The results of the survey show the impact of the Berkeley program on student participants' career plans, graduate school attendance rates, and ongoing mentor contact. Students identified strengths of their experience in our undergraduate mentored research program. The report is published annually with an updated version targeted for the end CY2006.

CSEE provide 48 summer internships for local high school junior and seniors. Support for these students and their six week mentored research experiences was provided by Berkeley Lab's scientific division and research programs. Three hundred students applied for the program. An analysis of the student applicants' responses to a question asks for their preferences for science teaching in their classrooms was analyzed. Students prefer science teaching that includes life applications and hands-on learning opportunities. A survey of past high school interns from the last four years was done with nearly a 50% response. The purpose of the survey was to assess the impact of the program on the students' selection of college majors in science, engineering, and computer sciences, their career plans and ongoing connection with their mentors.

Twenty high school and middle school science teachers (one math teacher) participated in mentored research experiences at Berkeley Lab. We provide follow-up support to these teachers who we consider leadership partners for education outreach in their schools. Starting in the fall of 2006, we plan to implement a tracking system to assess the teachers' professional development, teaching history, and impact of the Berkeley Lab program.

We have provided science education lessons to over 1,500 4th and 5th grade students. Every 5th grade student in the 11 elementary schools in Berkeley Unified School District was taught two lessons from Berkeley Lab scientists and educators. We have started to look at increased science knowledge and understanding resulting from these lessons. We have analyzed and compared demographics, as well as scores on the California 5th grade science exam at specific school sites in the Berkeley elementary schools.

Performance Objective 4.2: Provide for Responsive and Accountable Leadership throughout the Organization

Summary of Performance

FY 2006 was the first full year of performance under the new governance model established under Contract 31. The UC Contract Assurance Council (CAC) and the LBNL Office of Institutional Assurance (OIA) with its component parts, the Office of Contract Assurance (OAC) and the Project Management Office (PMO) were all firmly established, staffed, and operating effectively. Leaders from the Corporate Office (UCOP) were actively engaged in both institutional assurance activities as well as in providing material assistance in addressing significant issues as they arose during the course of the year.

LBNL, BSO, and UCOP have now developed and approved a Standards Tailoring/ Replacement Process (STRP) to replace DOE orders with applicable national, international, or industry consensus standards for the purpose of improving operational efficiency and effectiveness.

In addition to the efficiency improvements in the three areas targeted, a number of other operational improvements were made during the year. In the Information Technology area these included continuous improvement in high-speed remote access, email service, and LBNL's Scientific Cluster Support Program. In Facilities, efficiency improvements began being implemented in FY 2007 that are expected to lead to significant annualized savings next fiscal year. In the Office of the Chief Financial Officer, implementation of a comprehensive, centralized, integrated web-based Budget system began in the Fourth Quarter of 2006.

Noteworthy Practices

UC's corporate office provided staff both directly and through a sister laboratory (LLNL) to fill critical personnel needs at LBNL, including both the EH&S Division Director and the B51/Bevatron D&D Project Manager. UCOP also assigned a UC procurement specialist to assist LBNL in writing procurement Standard Operating Procedures (SOPs).

On the assurance side, OCA staff began compilation of a comprehensive inventory of Operations' assessment and assurance systems. In addition, the OIA developed a Contract 31 Risk Registry, to track significant risks to contract performance, and the Director of Institutional Assurance and the Contract Assurance Manager both used it to regularly brief UCOP, LBNL senior management, and the DOE Contracting Officer.

The Project Management Office vetting reviews were used in much of the Lab community and were effective in preparing projects and programs for a number of DOE reviews.

Opportunities for Improvement

The comprehensive inventory of assessment and assurance systems should be completed so that a gap analysis can be performed, with the results used to form the basis for improvements to the Laboratory's overall assurance system.

The Lessons-Learned program is currently being utilized for EH&S items only. The Lab's intent is to use the program more generally Lab-wide. The program should be extended and a full set of up-to-date procedures documented and posted on the lessons-learned website.

In addition to continuous improvement in Facilities as described in their Strategic Plan and continued implementation of the new Budget system, other processes have been targeted for efficiency improvements including: Travel, Accounts Payable, and Property Management.

Objective 4.2 has five measures and the grade is A+ (4.1).

Measure	Grade	Numerical Score	Avg. Numerical Score for Objective 4.2
4.2.1	A+	4.2	
4.2.2	A+	4.2	
4.2.3	A	4.0	
4.2.4	A+	4.1	
4.2.5	A+	4.3	
Performance Objective 4.2 Total			4.2

Note: All measures equally weighted

Performance Measure 4.2.1: Level of Corporate and Institutional Leadership oversight and response to Laboratory issues and opportunities is commensurate with the level of significance or severity.

Target: UC's LBNL Contract Assurance Council is established, staffed, and operating effectively.

Performance: Grade is A+ (4.2).

The Contract Assurance Council (CAC) was established and staffed in June 2005, and has met each month since then. Primary contact to the CAC from UCOP is Jim Hirahara, Laboratory Management Organization Executive Director, Business and Finance. Jim Krupnick, LBNL Director of Institutional Assurance, is the primary contact at LBNL. Presentations and discussions during the first six months of operation have included a broad range of assurance topics including LBNL safety performance, A-123 implementation, procurement and property management, emergency management, and construction project performance. Presentations to the Council have been made by Jim Krupnick, David McGraw, Jeffrey Fernandez, Terry Hamilton, and John Chernowski.

Through the Third Quarter 2006, this fully implemented target continued to operate effectively with ongoing meetings and updates as appropriate.

During the Fourth quarter, the CAC continued to meet on a monthly basis, and in July, held its first meeting at LBNL. Issues presented and fully discussed during the quarter included: status of LBNL infrastructure; the upcoming ISM review; LBNL Cyber-security assistance visit; Federal Managers Financial Integrity Act (FMFIA) assurance letter; EH&S Peer Review Corrective Action Plan (CAP) validation report; 3rd Quarter PEMP results; and the Contract 31 Risk Registry status.

Over the course of the year, in addition to the Target, the University of California provided significant direct support to the Laboratory in a number of important areas. For example, UC made Howard Hatayama available on extremely short notice to fill a critical vacancy in the leadership of the EH&S Division, and similarly, coordinated the recruitment of a senior project manager from LLNL to fill a critical project management vacancy on the B51/Bevatron D&D project. In addition, a senior UC procurement specialist was assigned to LBNL for several months for the express

purpose of helping the LBNL procurement department successfully deliver on a commitment to update the department's Standard Operating Procedures (SOP).

UC also provided Corporate and Institutional Leadership above and beyond what was necessary to meet the FY 2006 Target. In addition to the regular (and frequent) communication (both in person and via phone) between UCOP senior management and LBNL senior management, the UCOP managers participated in a number of important meetings and discussions which benefited LBNL, including the Quarterly PEMP management briefings and a number of meetings specifically targeted at UC investment in the capital infrastructure at LBNL.

Performance Measure 4.2.2: Leadership maintains an effective assurance function with cognizance of corrective action plans and insures their timely closure.

Targets: LBNL's Institutional Assurance Office is established, staffed, and operating effectively. A consolidated corrective action tracking system is implemented.

Performance: Grade is A+ (4.2).

LBNL's Office of Institutional Assurance (OIA) was established in June 2005. With the recent addition of two new staff members, the OIA is now comprised of five full time professionals including the Director, Jim Krupnick, and the Manager of Contract Assurance, John Chernowski, and one administrative support person. Since June, the OIA has been involved in a broad range of assurance activities including achievement of Earned Value Management System (EVMS) certification; implementation of a consolidated corrective action tracking system (CATS); Contract 31 Initiative and deliverables tracking; and preparation for technical, scientific, and conventional construction project and program reviews.

Through the Third Quarter, this fully implemented target continued to operate effectively with ongoing updates and reports as appropriate.

In addition, during the Third Quarter the Institutional Assurance Office was strengthened with the hiring of a senior project manager to staff the Laboratory Project Management Office. He has already made substantial contributions to several Facilities construction projects including the Building 51/Bevatron Demolition, Building 77, and User Support Building projects.

Fourth Quarter accomplishments included coordination of the FY 2007 PEMP negotiation and the FY 2006 PEMP evaluation processes, roll-out of the Laboratory Lessons-Learned program, and assistance in preparation for the upcoming ISM review.

Not only did the Laboratory fully meet the FY 2006 Target in this area, the OIA's Office of Contract Assurance (OCA) actually accomplished far more. For example in the area of Contract Assurance, the staff made critical contributions to the LBNL OMB A-123 program, monitored implementation of the proposal initiatives, and began a systematic analysis of the existing Laboratory Operations' assurance and assessment systems. OCA staff also made substantive contributions to the ES&H Peer

Review as members of the core team, root cause analysis team, and as CAP development and implementation team lead. In addition to implementing the corrective action tracking system, OCA staff wrote and posted on the CATS website a users' manual and provided regular monthly briefings to the LBNL Chief Operating Officer on the status of corrective actions.

The OIA's Project Management Office made substantive contributions to the Laboratory's project and program success in this past year, performing vetting reviews of both scientific and conventional facilities projects including Gretina, ESnet, JGI, ALICE, TEAM, User Support Building, Building 77A, B51/Bevatron D&D, and SNAP/JDEM. In an example of extending the discipline of formal project management to the Lab's property operations, PMO staff took the leadership role in establishing and managing the Property Management Improvement Project, a strategic effort to make significant improvements to the entire suite of LBNL property management processes.

Finally, the OIA developed and maintained a Contract 31 Risk Registry in order to track the status of significant risks to contract performance. In using the document each month to form the basis for discussions with UC, LBNL senior management, and the DOE Contracting Officer, we consider this to be a Best Management Practice.

Performance Measure 4.2.3: Level of Corporate Leadership involvement in assessing best practices management approaches and systems utilized at the Laboratory to ensure they are comprehensive and sufficient to address risks attendant to Laboratory operations and strategic mission accomplishment.

Target: A "Best Practices" Standards Tailoring/Replacement Process is initiated with Berkeley Site Office.

Performance: Grade is A (4.0).

LBNL, BSO, and UCOP have now developed and approved a Standards Tailoring/ Replacement Process (STRP) to replace DOE orders with applicable national, international, or industry consensus standards for the purpose of improving operational efficiency and effectiveness. Office of Contract Assurance (OCA) staff canvassed key Laboratory Operations functional managers to identify candidate DOE orders for replacement. Two possible orders have been identified for possible tailoring and replacement: DOE Order 142.3 (Unclassified Foreign Visits and Assignments) and DOE Order 243.1 (Records Management Program). LBNL has provided draft plans of action for tailoring and replacement of each of these orders to BSO and UCOP.

LBNL, BSO, and UCOP have also developed and approved a procedure for modifying the DOE directives listed in Contract 31, Appendix I.

Both the STRP protocol and Appendix I modification process are posted on the OCA website.

Performance Measure 4.2.4: Leadership is committed to a pervasive safety culture, and strives for continuous safety performance improvement.

Target: Leadership is further strengthening the accident prevention program, including implementing a leadership program for accident reduction involving safety performance recognition, supervisor training, leadership walk-throughs, safety agenda topics at executive meetings, and a formal safety awareness and communications program.

Performance: Grade is A+ (4.1).

The Lab Director is keenly aware of our accident rates and safety status. He has been personally involved in many walkthroughs of facilities, safety discussions and meetings with laboratory management, EH&S professionals, and division safety coordinators and liaisons.

The Lab has started a new safety awareness program including: electrical safety brownbag sessions, safety banners displayed at the entrance, safety bookmarks handed out at the entrance, an ergonomic safety poster session, and finalizing a set of "1-Minute-4-Safety" bulletins that will help supervisors in safety communication.

The Lab's leadership program for accident reduction and safety performance recognition includes:

- The Environment, Health and Safety Division (EH&S) sponsors a Safety SPOT Recognition Program as part of the Laboratory's regular SPOT Recognition program. Accomplishments and/or safety suggestions that improve safe working conditions or foster a safety conscious work environment are considered for the EH&S Safety SPOT award. In FY 2005, $3,600 was awarded. For FY 2006, there is an allocation of $6,000.
- A new Laboratory EH&S for Supervisors training course began this fiscal year. We have trained a total of 592, well over the 480 supervisors we expected to train this fiscal year.
- In the Third Quarter, a new training course on Performing an Effective Safety Walk-around was developed to assist managers and supervisors in their walk-arounds. The course is being delivered on a pilot basis in several divisions and feedback from this experience will be used to refine the course for Lab-wide application.
- ES&H management assistance and mentorship is being provided to several divisions (i.e. ALS, Physics, Genomics/JGI) to support changes intended to improve line management responsibility for safety.
- On June 9, 2006, the Director initiated a series of regular memos to Laboratory staff on ES&H. This first memo discussed actions that supervisors, PI's and individuals can take to improve safety. It also stressed that project schedule does not take precedence over safety.
- The Lab Director, the Chief Operating Officer, and the EH&S Division Director have been conducting lab walkthroughs.
- In senior management meetings, safety is a standing topic. Injury rates and lab-wide safety initiatives are discussed as appropriate. Starting in the Second Quarter, safety topics included the "1-Minute-4-Safety" initiative, revised ES&H

self-assessment criteria, division actions to improve line management responsibility for safety, and lessons learned.

- A Safety Peer Review was conducted in January 17-20, 2006 and a report submitted to the Laboratory on February 10, 2006. In general, the review found that line management understood their responsibility for safety but there is a weakness in execution. There is a perception that the Laboratory is in a reactive posture with respect to ES&H and excessive focus on TRC/DART rates has negatively impacted safety programs. Work authorizations processes need to be strengthened. The Laboratory should be using leading indicators at the division level as a tool for improvement. Laboratory assurance mechanisms may not be providing adequate ES&H assurance. A Corrective Action Plan was prepared and submitted for DOE review and approved on June 1, 2006. The DOE on-site validation review conducted on June 27-28, 2006 found the Plan and the process used to develop it acceptable with recommendations for improvement. Throughout the development of the Plan, interim actions were being taken to address issues raised by the Peer Review. The interim actions still in progress were integrated into the Plan.
- The Laboratory has developed a Safety Communications Strategy that utilizes existing vehicles like the "View" and "Today at Berkeley Lab" to communicate safety expectations and messages. This includes the expectation that managers and supervisors communicate these messages through their organizations and include safety as a topic in their staff meetings. This strategy also includes communicating safety expectations to new employees and guests at all possible points of entry into the Laboratory. Key messages to be included in communications are:
  – "Schedule is always second to safety"
  – "Safety is a Laboratory value"
  – "Early recognition and reporting of mistakes is critical to preventing safety-related accidents"
  – "Safety is a shared responsibility between worker and supervisor; we are our 'brother's keeper'"
- In support of the Safety Communications Strategy, the Laboratory continued its "1-Minute-4-Safety" campaign; publishing over 60 slides on various ES&H related topics during this rating period. These are designed to communicate key aspects of a given topic like Managing Biohazardous Waste on one slide with the minimum of jargon so that line managers and supervisors can use them to integrate safety into their day-to-day activities.
- Further supporting the Safety Communication Strategy, there were 45 ES&H related articles in "Today At Berkeley Lab" in the Fourth Quarter alone.
- The Laboratory's commitment to a pervasive safety culture and continuous improvement was further demonstrated in its ES&H related training accomplishments which included rolling out a new course on incident investigations and root cause analysis. Other examples of the Lab's commitment are increasing the number of managers and supervisors receiving ES&H training, revising and rolling out general employee radiation training lab-wide, piloting

training on performing effective safety walk-arounds, and providing focused ergonomic training to several Divisions over the course of the quarter.

- The Laboratory's commitment to continuous improvement was demonstrated by its successful completion of laser safety improvements, which include a laser inventory and inspections of all laser installations at the Laboratory.
- Leadership commitment was also demonstrated through the hiring of a number of outstanding new personnel in the Environment, Safety, and Health Division including the Division Director, the Laser Safety Officer, the Electrical Safety Officer, Construction Safety Officer, and the backfilling of an industrial hygiene position.

As a special effort, the Laboratory commissioned a comprehensive review of ISM by the McCallum-Turner consulting firm using review team members from other Office of Science laboratories. The scoping visit occurred on August 8-9, 2006 and the review occurred on September 18-27, 2006. The review was conducted in response to recommendations from the DOE on-site validation of the Peer Review Corrective Action Plan. It was structured to mirror what the DOE Office of ES&H Evaluations would do in assessing ISM implementation. The final report is due by the end of October, 2006. Corrective actions stemming from this review will be integrated with the Peer Review corrective actions. This review demonstrates the Laboratory's strong commitment to continuous safety performance improvement.

In FY 2006, Laboratory Management augmented the EHS operating budget by ~$1.2M. This additional budget allocation allowed EHS to fill several key positions such as the Electrical Safety Officer and the Laser Safety Officer. We were able to retain effort from UCSF's Occupational and Environmental Medicine Department in support of LBNL's Ergonomics program and complete several projects and activities such as: the TapRoot root cause analysis training, the East Canyon Geological Study and the shipment of several radioactive and hazardous waste streams. The supplemental budget also allowed EHS to avoid making further personnel cuts, especially in the Radiation Protection, Management Information System and Industrial Hygiene arenas.

In addition to the operating budget augmentation, Laboratory Management funded a number of EHS-related projects with Non-Cap Alteration and General Plant and Equipment funding. Namely: the Building 71 Material Characterization and Disposal (Room 146 A, P, Q, R, & mez.); the installation of two waste minimization units; the Building 58 seismic improvements; the Room & Road Signage Installation project to Support E-911 Emergency Responders, the removal of Building 71E Trailer due to friable asbestos and the correction of OSHA-identified violations to name a few.

Performance Measure 4.2.5: Leadership undertakes continuous operational improvement and achieves progress on management efficiency initiatives. The efficiencies should streamline, and where appropriate automate processes, standardize and institutionalize practices, and improve the management of resources.

Target: Efficiency improvement targets for 2006 include three areas: (A) supply chain management, (B) information technology, and (C) facilities condition

assessment. Significant progress in defining, developing, implementing, and measuring savings in these target areas should be demonstrated.

Performance: Grade is A+ (4.3).

The Office of the Chief Financial Officer (OCFO) initiative to reengineer the Berkeley Lab supply chain is progressing rapidly through the Fourth Quarter of FY 2006 as planned. After a year of development, a new desktop electronic ordering system, eBuy, has been successfully designed, built, pilot tested, and deployed lab-wide, beginning with the new office supplies subcontract in July, 2006. The new system addresses the Laboratory's low value procurement needs by enabling end-users direct access to supplier websites to shop and make their own buys from supplier catalogs at discount prices, with deliveries occurring within 24 to 48 hours under most circumstances. The new design results in a significantly streamlined acquisition and disbursement process, greater leveraging of spending by supplier, reduced overall cycle times, and improved customer satisfaction. Pilot programs are currently underway for the next wave of commodities – industrial and computer supplies. The eBuy rollouts for these commodities are scheduled to take place in October 2006. A steering committee composed of division representatives has been formed to ensure that division needs are met in these contracts.

LBNL's Workstation Standardization and Centralization (WS&C) Initiative completed its major milestones for 2006.The first baseline Total Cost of Ownership (TCO), a major analytical undertaking that included calculation of over 40 different cost factors, was finalized in June and analysis of opportunities to reduce costs are ongoing. All primary workstations scheduled for replenishment in FY 2006 have been installed. As part of WS&C efforts, new methods of automating the property tracking process are being developed. IT Division demonstrated a self-audit function that allows for a more efficient workflow for changing property custodians and potentially conducting property audits. Development and improvement of the Active Directory system was extended beyond WS&C to the entire Laboratory, allowing for markedly improved assurance and security of all LBNL windows systems. This functionality was instrumental in LBNL's success in the recent Site Assistance Visit. In addition, the selection of desktop software including detailed inventory and remote assistance has been completed. WS&C is looking forward to realizing additional cost savings and efficiencies through continued improvements in the management of LBNL's Operational IT Assets.

In implementing the Integrated Facilities Condition Management System, LBNL has defined deferred and future maintenance requirements in the VFA (Vanderweil Facility Advisors) Facility database and implemented the VFA AssetFusion adaptor that integrates the VFA Facility software with MRO MAXIMO software. Local site factor costs have been beta tested and were entered into the VFA Facility software in May 2006. Other Site Facilities (OSF) infrastructure assets cost models were completed in June 2006 and the CRV/RPV's developed for the OSF infrastructure assets, completing that stage of the initiative. Institutional Rehab and Improvement Costs (RIC) documentation has been reviewed by the VFA assessment team. Recommendations for entering RIC into the VFA process are being reviewed. In

addition, LBNL has completed the FY 2006 Facility Condition Assessment audit, FY 2006 Facility CRV (Current Replacement Value) Development, and FY 2006 Asset Component Renewal-Life Cycle data. Currently, Facilities Division management is reviewing the FY 2007 Facility Condition Assessment.

In addition to the progress on these three target initiatives, there are a number of other operational improvements with an emphasis on efficiency that are underway. The Efficiency Working Group, formed in November, comprised of senior managers from Operations, Information Technology, Office of the CFO, and the Office of Institutional Assurance is charged with identifying and pursuing specific support efficiencies, involving scientists in setting the right scope for support services, and creating a culture of efficiency involving all Lab personnel. To date, a schedule with interim milestones has been developed for each initiative and many of them are underway. Progress will be reported in future assessments.

Efficiency programs undertaken in FY 2005 are beginning to demonstrate real value to the Laboratory and the Department. For instance, in mid-FY 2005, the Information Technology Division dramatically changed the way the Laboratory funds remote high-speed access services for employees. In the first four months of FY 2005, Laboratory scientific and operational programs incurred almost $200,000 in high-speed remote access costs. In the same period this year, the total cost incurred by the Laboratory dropped to $3,479. At this rate, we project year over year cost savings of over $400,000 for FY 2006. The change simultaneously improved the assurance and compliance aspects of providing this service as well.

The Laboratory is poised to realize major effectiveness and efficiency gains over the remainder of the fiscal year, as we continue to plan and manage efficiency initiatives and undertake operational collaborations with UC, other Laboratories, and the Department of Energy to ensure that every dollar spent at LBNL supports our ability to execute world-class scientific research.

Additional operational improvements undertaken include two that are worth noting due to the efficiencies that are expected to result: (1) Facilities Strategic Plan rollout; and (2) New Email Strategy.

At the end of the Second Quarter 2006, Facilities rolled out its strategic plan. The plan is designed to achieve three goals: (1) improve efficiency; (2) change the business model to one that is focused on service and consultation in support of the Lab's mission; and (3) establish strategic partnerships that ensure the confidence and cooperation of the scientific and operations divisions. Cost savings are anticipated beginning this fiscal year. In FY 2007, we expect to realize annualized cost savings of approximately $3,000,000.

A new IT initiative has been announced that is expected to result in significant savings in FY 2007. By implementing new technologies, standardizing on hardware and realigning work efforts, the Lab expects to reduce the annual cost of its email service by as much as half. Based on current usage patterns, two-thirds of the savings are expected to directly benefit the scientific divisions. An estimate of cost savings will be provided at a later date.

Also during the Third Quarter, the “Berkeley Laboratory Process Improvement Toolkit” was finalized. The result of collaboration with Lawrence Livermore National Laboratory (LLNL) and the Atomic Weapons Establishment (AWE) of the United Kingdom, the Toolkit offers a systematic approach to process improvement. Built on a model successfully used in organizations worldwide, the plan is to apply the Berkeley Laboratory Process Improvement Toolkit in FY 2007 to several efficiency initiatives. The Berkeley Lab Institute (BLI) will provide training beginning in the fourth quarter.

For the Fourth Quarter, progress was made on two of the initiatives identified by the Efficiency Working Group which was formed earlier this year (see above): (1) the implementation of LBNL’s new web-based Budget and Forecasting System, and (2) continued expansion of the Lab’s Scientific Cluster Support Program.

To meet the Lab’s need for a comprehensive, centralized, integrated Budget system that includes powerful reporting and analytical tools, LBNL chose to implement the Brookhaven National Laboratory’s web-based Budget and Forecasting System. The system is designed to make the budgeting process more cost effective, provide easy access to real-time, high quality budgeting information, and improve system integration with other Lab institutional systems, DOE systems, and government initiatives such as I-MANAGE, STARS, and ePMA. In August 2006, the funding module (containing Contract mod funding data) became operational.

LBNL’s Scientific Cluster Support Program, which seeks to leverage economies of scale in the management of midrange scientific computing, continued its expansion in the Fourth Quarter. Two large clusters--a Dell 296 Intel processor Infiniband at the new Molecular Foundry Nanoscience facility and a Dell 388 Intel processor Infiniband for Geophysics and Geochemistry applications—are now in full production. Meanwhile, a 20 processor Infiniband cluster was built and installed for the Earth Sciences Yucca Mountain project, and a 48 processor Myrinet cluster was built and installed for the Accelerator and Fusion Research Division. Clusters built and managed by the SCS staff realize efficiencies from shared administration, automated management tools, and enhanced cyber security. The SCS program now manages 22 clusters with nearly 2000 CPUs.

Cyber security also received significant attention during the performance period. Major initiatives included deployment of advanced internal monitoring systems and security features rolled out through the Windows Active Directory. The year culminated with a DOE led Site Assistance Visit, which included policy and technical reviews as well as full scale penetration testing of the site's systems. LBNL performed exceptionally well in this review and was described as having "set the bar" for the Office of Science.

Performance Objective 4.3: Provide Efficient and Effective Corporate Office Support as Appropriate

Summary of Performance

The UC Office of the President appointed a distinguished LBNL Advisory Board with a balance of university, industry, government, and disciplinary backgrounds. The Advisory Board, co-chaired by Norman Augustine (retired CEO of Lockheed Martin) and Bruce Darling (UCOP's Executive Vice President, University Affairs) held its first meeting in April 2006, addressing scientific and operational programs. The Board approved of the current direction of LBNL and also had a number of valuable recommendations and suggestions. The University provided advice and counsel on financial management and controls, human resources management and labor relations, facilities and environmental planning, and project management. The Office of the President made debt capacity available in FY 2006 for the User Guest House and provided a planning framework for bringing funding and design of two research buildings forward to The Regents in FY 2007 for review and approval. The number of University-Laboratory joint appointments increased from approximately 260 to 274 (effective 7-31-2006).

Noteworthy Practices

The LBNL Advisory Board is comprised of national scientific, national laboratory, and university leaders, including five members of the National Academies of Science, Engineering, or Medicine.

The Office of the President set aside debt capacity in FY 2006 for the User Guest House and provided a planning framework for bringing two research buildings forward to The Regents in FY 2007 for review and approval.

Berkeley Lab and the University of California have more jointly appointed faculty at than any other national laboratory, up to a total of 274 in FY 2006. New jointly funded appointments are being developed in nanoscience, for the Helios initiative, and in other areas.

Opportunities for Improvements

In FY 2007 further progress is anticipated for securing funding for the Computational Research and Theory Building and the Helios Building. The current schedule calls for review and approval by The Regents following the beginning of CY 2007.

Additional jointly funded faculty-Laboratory appointments are expected in FY 2007, and new Seaborg Fellowships are planned to be awarded.

Objective 4.3 has three measures and the average score is 4.2.

Measure	Grade	Numerical Score	Avg. Numerical Score for Objective 4.3
4.3.1	A+	4.3	
4.3.2	A+	4.1	
4.3.3	A+	4.2	
Performance Objective 4.3 Total			4.2

Note: All measures equally weighted

Performance Measure 4.3.1: Contractor Office support of programs, business and other operations, including administration, finance, human resources, and facilities, and process and procedure improvements.

Target: UC's LBNL Advisory Board is established, staffed, and operating effectively.

Performance: Grade is A+ (4.3).

The UC Office of the President, with the close collaboration of Berkeley Lab management, had extensive discussions on the appropriate composition of the LBNL Advisory Board to achieve the right mix of university, industry, government, and/or national laboratory experience. Recruitment for the LBNL Advisory Board was completed early in calendar year 2006 with 11 members representing a broad background of U.S. science institutions, national issues and policies, and technical disciplines.

In the third quarter, the first meeting of the Advisory Board was held, co-chaired by Norman Augustine and Bruce Darling (acting). The meeting addressed the purpose of the group, its charter, and UC's roles and responsibilities. In addition to informing the Board about the scientific and operational support programs, demographics, and financials of the Lab, two LBNL strategic areas, the Helios Initiative, and the Computational Research and Theory (CRT) program and new building, were identified for presentation and discussion. In advance of the meeting Board Members received review material about the Lab and the new scientific initiatives. The Board was fully engaged by the scientific programs presented and the operational issues under discussion. Generally, the Board approved of the current direction of LBNL but also had a number of valuable suggestions. At the conclusion of the meeting, the chairs composed a draft report to President Dynes, which has been sent to all members for further comment prior to final delivery to Dynes. The new Co-Chair is Provost and Senior Vice President Rory Hume, who attended the April Advisory Board meeting in his role as acting Provost. (Since a permanent Provost for UCOP has now been named, Bruce Darling, acting Co-Chair representing UCOP, has stepped down.)

The final report of the Advisory Board to the President was issued in July, and stated that: "The Board was extremely impressed and pleased with the overall vision and direction for the Laboratory as presented to the Board by the Director. We applaud

his vision to lead the Laboratory into fields that address emerging national needs and his commitment to a thriving scientific environment that enables the highest quality science. His drive and enthusiasm are remarkable and have clearly energized the staff." Among a range of findings and recommendations, the Board noted that "Regarding the Laboratory's operational aspects, the Board is supportive of the principle of close ties and cooperative working relationship between the scientific and operational elements, and acknowledges the critical role that efficient operation has to the success of the scientific enterprise. We understand the challenge faced by the deteriorating condition of some of the infrastructure and would like more detailed information regarding the cost to address needed deferred maintenance, renovation, and decontamination and demolition across the site. Similarly, the Board is supportive of efforts to identify creative means to finance new facilities, and we are hopeful that the University's resources ("balance sheet strength") can be put to beneficial use in this endeavor."

The Office of the President continues to provide advice and counsel on financial management and controls (Office of the Chief Financial Officer), human resources management and labor relations (Department of Human Resources and Benefits), facilities and environmental planning (Office of Facilities Administration) and project management (Office of Laboratory Management).

Importantly, the Laboratory receives strong support from the President of the University, Robert Dynes, for the Laboratory Director and his management team, including their efforts on the Helios initiative, Petascale computing, and research facility investments. The Regents of the University have also been kept well informed of Laboratory developments, as Director Chu regularly attends Regents Meetings and dinners. Special briefings included Regents Richard Blum (Vice Chairman and Chairman Designate, and member of the Committee on Oversight of the DOE Laboratories, Committee on Investments, and Committee on Finance) and Regent Peter Pruess (Committee on Oversight of the DOE Laboratories, and Committee on Audit, and Committee on Health Sciences).

Performance Measure 4.3.2: The demonstrated accomplishment of the Contractor to enter into effective joint appointments when appropriate.

Target: New UC joint appointments in the area of nanoscience.

Performance: Grade is A+ (4.1).

During 2006, discussions occurred between Berkeley Lab managers (Director Chu, Deputy Director Fleming) and Deans in relevant departments at UC Berkeley (including Physical Sciences Dean Mark Richards, Engineering Dean Richard Newton, and several department chairs) on jointly funded appointments. Possible joint appointments were discussed, in various settings in the areas of nanoscience, solar to chemical energy, synthetic biology, computing and nuclear engineering, with some potential candidates having been identified. The UCB Council of Deans of Science and Engineering wholeheartedly endorsed the plan, and descriptions were drafted describing the roles and responsibilities of both institutions in the recruitment, support, and administration of these jointly supported positions.

In nanoscience, UC/LBNL have successfully collaborated on recruitment of Seung-Wuk Lee to the Bioengineering Department on Campus and the Physical Biosciences Division at LBNL. He was a postdoc at the Molecular Foundry Biological Nanostructures Facility and was awarded an LDRD start-up project in MSD in collaboration with PBD. From mid-FY 2005 through FY 2006, more than twenty new faculty in a broad range of disciplines, approximately half in the nanoscience area, have joined the Lab's ranks.

A particular emphasis during 2006 was preparing groundwork for a broad initiative called Helios, a multi-disciplinary initiative with the Department of Energy to concentrate novel research on producing carbon-neutral energy supplies, especially fuels. This initiative intends to open significant new directions for the Department of Energy toward converting solar to chemical energy by applying the revolutionary knowledge and tools now becoming available at the junction of biology, materials sciences, and chemistry. The activities include negotiations on new joint Berkeley Lab and UC appointments in this direction. The first five joint appointments have been targeted for Helios. These first appointments will be distributed across several campus Colleges (including Chemistry and Engineering) and multiple Divisions at LBNL. Future appointments will be considered in Climate Modeling, Computational Science, and Nuclear Engineering. Deputy Director Fleming has been negotiating the details of a formal MOU among UC Academic Affairs and HR managers at UCB and LBNL. At the end of the fiscal year, campus review is close to approval and outcomes from these and related activities will be reported as they develop.

The leadership connections to the Berkeley Campus have been formalized with the Council of Science and Engineering Deans, of which Deputy Director Fleming is a member. In addition to the Engineering and Physical Sciences Deans mentioned above, they include the Deans of the College of Natural Resources, College of Chemistry, and Biological Sciences. In addition a new UC Berkeley/LBNL Joint Research Issues Steering Committee has been formed that includes Co-chairs Beth Burnside, UC Vice Chancellor for Research, and LBNL Deputy Director Fleming. In the Fourth Quarter, Materials Sciences added a new joint LBNL/UCB recruitment (Ali Javey) as part of building the nanoscience area.

In addition to the recruitments in the nanoscience and Helios areas, recent new joint appointments were made in ALS (1), Chemical Sciences (1), Computational Research (3), Environmental Energy Technologies (2), Earth Sciences (1), Genomics (1), Materials Sciences (2), and Physical Biosciences (3). The number of University-Laboratory joint appoints increased from approximately 260 to 274 (effective 7-31-2006).

LBNL and UCB are also partnering to respond to a $500M solicitation (expected in FY 2007) from British Petroleum (BP) for an Energy Biosciences Institute. Here, the collaborative committee we jointly initiated, the Council of Science and Engineering Deans, has proved very helpful and will play a big role in culling the full capabilities of the campus and the Lab. In addition, the LBNL/UCB Joint Research Issues Committee has been created and will convene in October.

Performance Measure 4.3.3: Effectiveness of supporting the construction of new Laboratory facilities through alternative financing.

Targets: Develop project business plans, including financial plans, for a User Guest House and a Computational Research and Theory Building.

Performance: Grade is A+ (4.2).

University of California Office of the President and Laboratory leaders conducted meetings during fiscal year 2006 to discuss the scope and steps for the construction of new facilities through alternative financing (described as the proposed UC Bond Funded Capital Plan). Extensive discussions have also been underway between UC Berkeley campus and Laboratory leaders, including meetings with the Laboratory Director and Campus Chancellor, and meetings with UC Deans and Laboratory Deputy Director and Associate Laboratory Directors. The scope of the planning focuses on three buildings, a User Guest House, a Computational Research and Theory Building, and a Nanoscience Research Laboratory/Helios Facility. A summary University of California Bond Funded Capital Plan planning document has been completed and used to review and assess the scope, impact, and alternative financing assumptions (updated December 15, 2005). Detailed Draft Business Plans have been completed for the User Guest House and the Computational Research and Theory (CRT) Building. Four campus-Lab committees have been formed, one for each building and one for financing. An overarching policy committee has been formed comprised of the UC Deans and Laboratory leadership to move forward with the three projects.

Progress has been made on design of the User Guest House and the CRT building with the initiation of detailed scoping and conceptual design. Discussions with UCOP officials focused on funding mechanism. UCOP increased the debt capacity of the UC Berkeley campus by $10M as a mechanism to fund the User Guest House. Concise white papers were prepared to brief the University's LBNL Advisory Board on the CRT building and the Helios facility.

In addition, authorization to proceed with scoping and conceptual design of the Helios facility was achieved. In June UCOP leadership outlined actions to proceed with financing for Helios and CRT, geared to developing Project Planning Guides. In the fourth quarter (August 2006) LBNL hosted meetings with the UC Chief Financial Office financial officers of the UC Berkeley Campus, and UC financial consultants to further develop a framework for UC financing. Specific mechanisms of UC funding have not been finalized, and more specific plans are expected during FY 2007. The current efforts call for presenting the Project Planning Guides and financing plans to The Regents of the University for their review and approval in FY 2007.

Evidence File

Measure 4.1.1

Lawrence Berkeley National Laboratory Business Plan, March, 2006

Lawrence Berkeley National Laboratory FY 2006 Ten Year Site Plan (TYSP), June 2006

National Academy of Sciences' Committee on Prospering in the Global Economy of the 21st Century. "Gathering Storm" report, February 2006.

InterAcademy Council, Transitions to Sustainable Energy, http://www.interacademycouncil.net/?id=9481

FY 2006 Comprehensive Planning Calendar (http://www.lbl.gov/Publications/Planning/planning-calendar.html)

Measure 4.1.2 Molecular Foundry projects website, http://foundry.lbl.gov/research/research.htm

Supernova Acceleration Probe website, http://snap.lbl.gov/

Deep Underground Science and Engineering Laboratory website. http://www.lbl.gov/nsd/homestake/Personnel.html

DOE Joint Genome Institute website, http://www.jgi.doe.gov/

Linac Coherent Light Source Facility Advisory Committee website, http://www-ssrl.slac.stanford.edu/lcls/lcls_fac.html

California Institute for Quantitative Biomedical Research Partnerships website, http://qb3.org/partners.htm

Measure 4.1.3

Online DOE WFO Certification System

Approval of LBNL FY 2007 Work for Others Funding Level (Orbach to Richards 8/18/06)

Draft Report and Plan: FY 2006-2008 Work For Others Program: LBNL June 1 2006

Work For Others Barriers (white paper)

Berkeley Laboratory Integrated Research Administration (BLIRA) presentation 7/13/06

Measure 4.1.4

LBNL Workplace Climate Survey Instrument, 2006

Compendium of LBNL Divisions' Diversity Activities, September 2006

Workforce Diversity Office website, http://www.lbl.gov/Workplace/WFDO/

Measure 4.1.5

Founders Day, Berkeley Lab View, September 15, 2006

Seventy Fifth Anniversary website, http://www.lbl.gov/Publications/75th/index.html

Seventy Fifth Anniversary Calendar of Events, http://www.lbl.gov/Publications/75th/files/02-calendar.html

Center for Science and Engineering Education website, http://csee.lbl.gov/

Measure 4.2.1

Agendas, Contract Assurance Council, October 2005 to June 2006
Contract Assurance Council Charter and Membership, http://www.lbl.gov/DIR/OIA/CAC/
Contract Assurance Council website, meetings and minutes, http://www.lbl.gov/DIR/OIA/CAC/Meetings_Minutes.html

Measure 4.2.2

OIA documentation (general): http://www.lbl.gov/DIR/OIA/index.html
Office of Institutional Assurance Charter, http://www.lbl.gov/DIR/OIA/index.html
Assurance and Reporting Databases http://www.lbl.gov/DIR/OIA/OCA/databases/index.html

Measure 4.2.3

Contract Performance Directives website, http://www.lbl.gov/DIR/OIA/OCA/contract-performance/directivesMod.html
Procedures for Directives Review
Plan of Action and Milestones for Tailoring DOE Order 142.3
Plan of Action and Milestones for Tailoring DOE Order 243.1

Measure 4.2.4

ISM Peer Review Report, February 2006
ISM Corrective Action Plan, June 2006
McCallum-Turner Integrated Safety Management Review Proposal, http://www.lbl.gov/ehs/ism/external-audit/assets/doc/Draft-McT-Proposal-to-Support-ISM-Review-at-LBNL-07-13-06b.pdf
McCallum-Turner Outbriefing, http://www.lbl.gov/ehs/ism/external-audit/assets/doc/Out-BriefingSlides-09-26-06-rev1-FinalBriefing.ppt
LBNL Accident Statistics, http://www.lbl.gov/ehs/safety/accidentStatistics.pdf
LBNL Environment, Health and Safety Division website, http://www.lbl.gov/ehs/

Measure 4.2.5

Facilities Division Strategic Plan, March 2006
Email Update to Information Technology Advisory Council, September 8, 2006
Berkeley Laboratory Process Improvement Toolkit, May 2006
Budget and Planning System- Project Update to the Enterprise Computing Steering Committee, August 18, 2006
Scientific Cluster Support (SCS) Program website: http://scs.lbl.gov/
Supply Chain Monthly Status Report
WSC Website: List of zones (http://wsc/docs/wsc-zone-map-berkeley-lab-site.pdf) and support staff assigned (http://wsc/docs/wsc-zone-support-info.pdf)
List of primary computers, purchase dates and planned replacement dates from Computer Configuration Management Database
Minutes of WSC Technical Advisory Committee meetings
Active Directory report showing number of computers inventoried
Workstation Standardization & Centralization: 2005 Total Cost of Ownership Baseline Report – June 2006
Workstation Standardization & Centralization: 2005 User Survey Report – January 2006

Facilities Condition Assessment Report
Cyber Team from DOE Reports Lab is No. 1", Today at Berkeley Lab, June 16, 2006

Measure 4.3.1

Agenda, UC/Lawrence Berkeley National Laboratory Advisory Council, April 13-14, 2006
Membership List, UC/Lawrence Berkeley National Laboratory Advisory Council, April 2006
Norman Augustine and Wyatt Hume Advisory Council Letter to President Dynes July 19, 2006

Measure 4.3.2

List of new Faculty Joint Appointments, July 31 2006
Agendas, Meetings of the Council of Science and Engineering Deans

Measure 4.3.3

Capital Plan for UC Buildings at Lawrence Berkeley National Laboratory, December 2005
Agendas, Capital Plan Executive Committee Meetings

Goal 5.0: *Sustain Excellence and Enhance Effectiveness of Integrated Safety, Health and Environmental Protection.*

The contractor sustains and enhances the effectiveness of integrated safety, health and environmental protection through a strong and well deployed system.

Executive Summary

For Goal 5.0, LBNL performed well and achieved a numerical score of 3.9, an equivalent overall grade of an A. The Goal has three objectives with ten measures. The following is a summary of accomplishments.

- The target goals for days away, restricted or transferred (DART) and total recordable case rate (TRC) are 0.5 and 1.17 respectively. LBNL performed well in the DART rate and met the TRC rate goal. The DART rate is 0.24 and the TRC rate is 1.09
- For environmental compliance, LBNL performed well and achieved an A rating. Two minor regulatory violations were noted in the second quarter.
- For radiation incidents, LBNL achieved an A- rating. In the first quarter, LBNL submitted a Price Anderson Amendments Act (PAAA) Noncompliance Tracking System (NTS) report due to inadequate ALS shielding procedures. In the second quarter, LBNL filed an Occurrence Reporting and Processing System (ORPS) report on a misplaced thorium rod, which was recovered two weeks later.
- For the training measure, LBNL achieved an A- rating. The Job Hazard Questionnaire (JHQ) training completion rate is 93% and met the A- goal. In addition, 592 scientists attended EHS0026, an overview course in ES&H obligations for managers, supervisors and principal investigators in science divisions. This exceeds the B+ range for 384 students and the maximum student number of 480. Some divisions have tailored EHS0026 specific to the hazards present in their work. Furthermore, knowledgeable division staff conduct the training with support from members of the EH&S division. This level of participation demonstrates the research divisions' commitment to safety training. Another important training is the incident evaluation/root cause analysis class. LBNL attained a completion rate of 93.4%.
- The Division Self-Assessment process identified both strengths and opportunities for improvement in implementation of ES&H policies and programs. Divisions demonstrated, with minor exception, a strong commitment to effectively communicate safety issues between management and staff. Some divisions were more diligent in their efforts to identify, analyze, and categorize hazards associated with their work. ES&H feedback and improvement activities were implemented in all divisions to varying degrees.
- LBNL successfully implemented the measures for the Environmental Management System and resource conservation, and achieved an A rating.
- Noteworthy practices include:
    - Two in depth reviews of the implementation of Integrated Safety Management demonstrated the Laboratory's commitment to improving implementation of ISM.
    - New safety class to assist supervisors in conducting safety walk around inspection.
    - Safety communications campaign, including: a safety banner at the gate entrances, pilot video display at the cafeteria, web based 1-Minute-4-Safety slides for safety

communication, safety bookmarks, and an ergonomic safety poster session at the cafeteria.

- LBNL awarded 31 Safety Spot Awards to employees in recognition of their safety contributions to the Lab.
- LBNL Health Services received a three-year extension of its accreditation by the Accreditation Association for Ambulatory Health Care (AAAHC). This accreditation follows a multi-year quality improvement process during which clinic systems were documented and 14 quality improvement studies addressed clinic functions. The voluntary accreditation represents achieving the highest quality standards published for occupational health services.

Goal Score

Element	Numerical Score	Objective Weight	Weighted Score	Total Points
5.0 Sustain Excellence and Enhance Effectiveness of Integrated Safety, Health and Environmental Protection.				
5.1 Provide a Work Environment that Protects Workers and the Environment	3.9	35%	1.4	
5.2 Provide Efficient and Effective Implementation of Integrated Safety, Health and Environmental Management	3.7	35%	1.3	
5.3 Provide Efficient and Effective Waste Management, Minimization, and Pollution Prevention	4.0	30%	1.2	
Performance Goal 5.0 Total				**3.9**

Performance Evaluation

Performance Objective 5.1: Provide a Work Environment that Protects Workers and the Environment.

Objective 5.1 has four measures and the grade is A (3.9).

Measure	Grade	Numerical Score	Avg Numerical Score for Objective 5.1
5.1.1	A+	4.3	
5.1.2	A-	3.7	

5.1.3	A	4.0	
5.1.4	A-	3.7	
Performance Objective 5.1 Total			**3.9**

Note: All measures equally weighted.

Performance Measure 5.1.1: The Contractor's progress in achieving and maintaining "best-in-class" ES&H program performance, as measured by the days away, restricted or transferred (DART) case rate.

Target: DART rate is 0.5.

Performance: The FY06 DART rate as of October 4, 2006 is 0.24. Grade is A+ (4.3).

Performance Measure 5.1.2: The Contractor's progress in achieving and maintaining "best-in-class" ES&H program performance, as measured by the total recordable case rate (TRC).

Target: TRC rate is 1.17

Performance: The FY06 TRC rate as of October 4, 2006 is 1.09. Grade is A- (3.7).

For measures 5.1.1 and 5.1.2, LBNL analyzed the injury data and identified that the majority of the injuries were ergonomic-related. In order to improve our injury rates, LBNL's strategy was to focus the safety efforts on ergonomic program improvement. LBNL's actions included hiring a consultant to perform an ergonomic program review to identify program weaknesses and contracting with UCSF ergonomists to assist us in work station ergonomic evaluations. LBNL also implemented a new ergonomic training class called "Move Smart" for materials handling, increased office ergonomic evaluations, established a chair massage program, hosted material handling safety fairs, added ergonomic office hours at JGI, streamlined the ordering of ergonomic supplies, and held several town hall meetings to discuss ergonomic safety.

Performance Measure 5.1.3: The number of environmental non-compliance issues relative to an internal control number.

Target: The number of environmental incidents (Notices of Violations and environmental releases exceeding regulatory reportable quantities) is at or below 3. Laboratory and DOE will apply a weighting factor to each environmental incident depending on severity and magnitude.

Performance: Two incidents were recorded. Both were minor regulatory violations as a result of an inspection conducted by the State of California, Department of Toxic Substances Control. The final grade is A (4.0) based on the weighting agreement in the protocol.

Performance Measure 5.1.4: The number of radiological incidents relative to an internal control number.

Target: The number of radiological incidents is at or below 3. Radiological incidents are:

- Reportable occurrences categorized as significance category 1, 2, 3, or 4 (Personnel Contamination only) under Group 6 of the Occurrence Reporting and Processing System (ORPS).
- Items requiring entry in the Price-Anderson Amendments Act Non-Compliance Tracking System (PAAA NTS).

Performance: Two incidents were recorded. In the first quarter, LBNL submitted a PAAA NTS report for inadequacy in ALS shielding procedures. In the second quarter, LBNL submitted an ORPS report on a misplaced thorium rod, which was recovered two weeks later. Grade is A- (3.7).

Performance Objective 5.2: Provide Efficient and Effective Implementation of Integrated Safety, Health and Environmental Management.

Objective 5.2 has four measures and the grade is A- (3.7).

Measure	Grade	Numerical Score	Avg Numerical Score for Objective 5.2
5.2.1	A-	3.7	
5.2.2	B+	3.1	
5.2.3	A+	4.3	
5.2.4	A-	3.6	
Performance Objective 5.2 Total			**3.7**

Note: All measures equally weighted.

Performance Measure 5.2.1: Complete required safety-related training per Job Hazards Questionnaire (JHQ).

Target: 90% by 9/30/06.

Performance: The JHQ training completion rate is 93% and met the A- goal. In addition, 592 scientists attended EHS0026, an overview course in ES&H obligations for managers, supervisors and principal investigators in science divisions. This is far more than the 384 (B+) goal and the maximum student number of 480. Some divisions have tailored EHS0026 specific to the hazards present in their work. Furthermore, knowledgeable division staff conducted the training with support from members of the EH&S division. This level of participation demonstrates the research divisions' commitment to safety training. Another important training is the new incident evaluation/root cause analysis class. The completion rate for this training is 93.4%, another successful new training class. Grade is A- (3.7).

Performance Measure 5.2.2: Effectiveness of the process to identify, analyze, and categorize hazards associated with all work.

Target: Divisions have an effective process to identify and analyze hazards. Performance will be determined through the LBNL FY06 ES&H Division Self-Assessment reporting and validation process. For each division and directorate, a green rating receives three points, a yellow rating receives two points, and red rating receives one point. Total Laboratory score will be 43 points or higher out of 48 total possible points.

Performance: Eleven divisions achieved a green (satisfactory) rating and the maximum score of 3 points each. Five divisions achieved a yellow (partial) rating and a score of 2 points each. The total points scored is 43 out of 48 possible. Grade is B+ (3.1).

Performance Measure 5.2.3: Effectiveness of ES&H communication between management and staff

Target: Divisions have ongoing and systematic ES&H communication between management and staff. Performance will be determined through the LBNL FY06 ES&H Division Self-Assessment reporting and validation process. For each division and directorate, a green rating receives three points, a yellow rating receives two points, and red rating receives one point. Total Laboratory score will be 43 points or higher out of 48 total possible points.

Performance: Fifteen divisions achieved a green (satisfactory) rating and the maximum score of 3 points each. One division achieved a yellow (partial) rating and a score of 2 points. The total points scored is 47 out of 48 possible. Grade is A+ (4.3).

Performance Measure 5.2.4: Involvement of managers and staff in ES&H feedback and improvement activities

Target: Division managers and staff are regularly involved in ES&H feedback and improvements. Performance will be determined through the LBNL FY06 ES&H Division Self-Assessment reporting and validation process. For each division and directorate, a green rating receives three points, a yellow rating receives two points, and red rating receives one point. Total Laboratory score will be 43 points or higher out of 48 total possible points.

Performance: Twelve divisions achieved a green (satisfactory) rating and the maximum score of 3 points each. Four divisions achieved a yellow (partial) rating and a score of 2 points each. The total points scored is 44 out of 48 possible. Grade is A- (3.6).

Performance Objective 5.3: Provide Efficient and Effective Waste Management, Minimization, and Pollution Prevention

Objective 5.3 has two measures and the grade is A (4.0).

Measure	Grade	Numerical Score	Avg Numerical Score for Objective 5.3
5.3.1	A	4.0	
5. 3.2	A	4.0	
Performance Objective 5.3 Total			**4.0**

Note: All measures equally weighted.

Performance Measure 5.3.1: 80% of milestones to development, implement, and maintain certification equivalence of an LBNL Performance-based Environmental Management System (EMS) are achieved.

Target Milestones:

1) Complete external triennial audit
2) External audit validates effective implementation of EMS
3) Analyze environmental aspects/ impacts
4) Implement Environmental Management Programs (EMPs) to improve environmental performance
5) Complete internal annual assessment

Performance: All target milestones were completed. Nine EMPs were implemented during FY06, and 5 of the 9 were completed. The remaining 4 EMPs are multi-year projects and their FY06 actions were implemented according to their schedules.

- Reduce diesel emissions (on schedule)
- Maintain fleet petroleum use (on schedule)
- Increase green procurements – focus on products with recycled content (on schedule)
- Reduce Commute traffic (on schedule)
- Reduce energy and natural gas use at B70 by sealing HVAC ducts (completed)
- Energy Efficient study for B6 (completed)
- Reduce chemical use and conserve water with Dolphin water treatment system for B37 cooling tower (completed)
- Reduce site-wide building electrical use (completed)
- Reduce site-wide building natural gas use (completed)

Grade is A (4.0).

Performance Measure 5.3.2: For designated projects, identification and implementation of waste minimization, emission reduction, and/or resource conservation opportunities.

Target: LBNL will select, evaluate, and implement two waste minimization, emission reduction, and/ or resource conservation projects.

Performance:

- The Lab purchased two digital imagers (Li-Core & Kodak) as a way of reducing photochemical usage. This action qualifies as one project.
- Duct sealing at buildings 50A and 70 was completed. This action qualifies as one project.
- A Dolphin water treatment system was installed at the building 37 cooling tower to reduce water consumption and chemical usage. A visual evaluation of the Dolphin water treatment has demonstrated its effectiveness at eliminating biological growth without the use of chemicals. Based on this information, this project qualifies as a 0.25 project.
- Lab-wide building energy conservation activities resulted in a reduction of approximately 8% for electric power and approximately 14% for natural gas when compared to the same time frame from last year (November to April). These activities qualify as 0.5 to 1 project. Examples of conservation are listed below:
    - TABL energy awareness articles
    - Reduction in hot water temperatures from 130^0 - 140^0 to 110^0 – 120^0 F (except medical buildings 26 and 55).
    - Thermostats settings reduced to 68^0F.
    - Thermostats set back periods changed from 5:30 am to 6:30 am and from 6:00 pm to 5:00 pm

- The total is a minimum of 2.75 projects, and a maximum of 3.25 projects.

Grade is A (4.0).

Other

The Laboratory has other achievements that demonstrate commitment to safety improvement.

- LBNL commissioned two reviews of its Integrated Management System during the performance period. The ISM Peer Review conducted in January 2006 resulted in a number of actions to improve line management responsibility and accountability for safety and implementation of ISM. A second, more comprehensive review was conducted in September 2006 and a consolidated ISM improvement plan will be developed from this review. These reviews demonstrate the Laboratory's openness and commitment to improve ISM.
- LBNL conducted a comprehensive review of its laser inventory and performed field inspections to ensure that each laser application is properly documented, authorized, and in compliance with Lab laser safety requirements.
- A new web-based electronic Activity Hazard Document (AHD) database was developed to streamline the AHD preparation, review and signature process. The AHD database is linked to other key Laboratory databases such as EH&S Training, Space, HRIS and the Laser Management System. All new AHDs are created in the electronic database. EH&S is working with divisions to migrate existing paper based AHDs to the new electronic system at the time of renewal.

- Laboratory Management funded a number of EHS-related projects. For example, the Building 71 Material Characterization and Disposal (Room 146, Caves A, P, Q, R and the mezzanine), Building 58 seismic improvements, room & road signage installation project to support E-911 emergency responders, removal of Building 71E trailer due to friable asbestos, and correction of OSHA-identified violations. These projects reduced legacy waste accumulation, improved emergency response efficiency, minimized toxic exposures, and provided a safer work place for employees.

In its FY 2005 Annual Performance Evaluation & Appraisal Report, the Berkeley Site Office (BSO) specified three expectations for the Lab related to improve safety performance.

Expectation 1: *A path forward for program improvements and certification based on a comprehensive assessment of its safety management program and staffing.*

LBNL Response: LBNL fully intends to determine the appropriate safety management program that the Lab can incorporate to improve its safety performance. In the second quarter performance review with Lab management and DOE in May 2006, the Lab reported that it would review this expectation after implementation of the January 2006 ISMS Peer Review Corrective Action Plan (CAP). Following DOE validation of the Peer Review CAP, the Laboratory and BSO agreed that LBNL should commission a more comprehensive review of ISM implementation. In September 2006, McCallum-Turner performed an ISMS review and will issue its final report early in FY07. The Laboratory will develop an improvement plan responding to findings from the McCallum-Turner review, incorporating elements of the Peer Review CAP. LBNL will work with BSO to bring closure to the certification issue in the context of its improvement plan.

Expectation 2: *Adequate staff and resources are allocated to implement all of LBNL's ES&H programs*

LBNL Response: The Lab has made significant improvement in this area. In FY06, the EH&S Division received approximately $1.2M of additional funding. This increased budget allocation allowed EH&S to fill several key positions, including an Electrical Safety Officer and Laser Safety Officer; retain consultants from UCSF to support LBNL's ergonomics program; complete the East Canyon Geological Study and several radioactive and mixed waste shipments; and provide comprehensive root cause analysis training for members of EH&S.

Furthermore, for FY07 EH&S received an additional $2M in funding to cover the following: ALS Shielding Control Investigation corrective actions; 2006 ISMS Peer Review corrective actions;10CFR851 implementation; and general ES&H program support.

Some research divisions also increased their health and safety staffing. The Molecular Foundry and Joint Genome Institute both hired seasoned safety professionals who made immediately contributions to their division's safety

programs. These safety managers also hired safety support staff based on their assessment of safety needs. Physics Division and Nuclear Science Division are in the process of hiring safety managers to enhance their safety program performance.

Expectation 3: *The lesson learned PIT is completed and the corrective action plan implemented*

LBNL Response: The Office of Contract Assurance (OCA) formed a Lessons Learned Process Improvement Team (PIT) in winter 2006 to improve production and dissemination of lessons learned. With input from the PIT, OCA developed a new web-based lessons learned database accessible to all Laboratory staff. The new system, launched Lab-wide in mid-August, serves two primary functions: 1) a searchable repository of all previously available and new lessons learned, and 2) an entry point for lessons identified and developed by Lab staff and the DOE complex. A key feature of the new system is that anyone at the Lab with an LDAP username and password can enter a lesson or best practice. ES&H-related entries are reviewed by OCA staff and appropriate EH&S subject matter experts prior to dissemination Lab-wide. All Lab staff receives targeted ES&H lessons learned based on a profile created through their JHQ responses. Individuals may subscribe to additional subject areas in the Lessons Learned database not automatically mapped to their JHQ responses.

OCA is piloting the new Lessons Learned system for ES&H related subjects and will expand to other Operations and Financial Management areas during FY07. Expansion into Financial Management has commenced, as OCA has developed lessons learned from the FY06 OMB A-123 process for entry and dissemination through the new database. Continued development of the lessons learned program is an FY07 PEMP measure in the Laboratory Leadership goal.

Attachments

1. FY06 Environment, Safety & Health Gradients and Protocol

Evidence File

Measure 5.1.1
Injury log & Days away calculation

Measure 5.1.2
Injury log & Injury hours calculation

Measure5.1.3
Two DTSC regulatory violations- citation by DTSC

Measure 5.1.4
Deficiency discovered in ALS shielding control practices for interlock trip recovery operations, NTS-ALS-2005-01
Thorium rod ORPS, SC--BSO-LBL-EHS-2006-0001

Measure 5.2.1
Web print out as of 9/30/06 JHQ training
EHS0026 training record & curriculum
Incident evaluation/root cause class training record & curriculum

Measure 5.2.1
Effectiveness of the process to identify, & analysis hazards PY06 Division Self-Assessment Validation

Measure 5.2.3
PY06 Division Self-Assessment Validation

Measure 5.2.4
PY06 Division Self-Assessment Validation

Measure 5.3.1
EMS NSF-ISR Validation Audit Report, 2005
EMS NSF-ISR Validation Audit Report, 2005
Environmental aspects analysis document
Environmental Management Programs
EMS Internal Assessment Report, 2006
All available on LBNL EMS website:
http://www.lbl.gov/ehs/esg/emsplan/emsplan.htm

Measure 5. 3.2
Purchasing records for two digital imagers
Duct sealing record for Bldgs 50A & 70
Installation record for Dolphin water treatment system
Records for building energy conservation

FY 2006 Environment, Safety, and Health Gradients and Protocol

Background Information:

Contract No: DE-AC02-05CH11231

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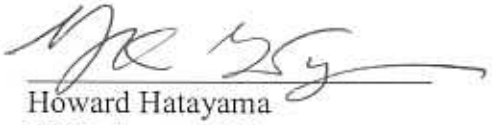

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Effective Approved Date: October 1, 2005

Introduction

The Environment, Safety, and Health Functional Managers from the Lawrence Berkeley National Laboratory (LBNL), the Department of Energy (DOE), and the University of California Laboratory Operations (UCLO) have agreed to assess FY2006 performance according to the methodology described in this document.

FY 2006 Environment, Safety, and Health Gradients and Protocol

The Performance Measures identified below represent the set of indicators that if fully met, place performance for each Objective in the B+ range.

In addition to the gradients and protocol listed below, supplemental information on the quality and effectiveness of LBNL's ES&H Program can be provided through the DOE/BSO Operational Awareness Program.

5.0 GOAL

Sustain Excellence and Enhance Effectiveness of Integrated Safety, Health and Environmental Protection

5.1 OBJECTIVE

Provide a Work Environment the Protects Workers and the Environment

In measuring the performance of this Objective, the DOE evaluator(s) shall consider the following:

- The success in meeting ES&H goals.

5.1.1 PERFORMANCE MEASURE

The Contractor's progress in achieving and maintaining "best-in-class" ES&H program performance, as measured by the days away, restricted or transferred (DART) case rate.

TARGET: DART rate is 0.5.

GRADIENT

A+	A	A-	B+	B	B-	C+	C	C-	D	F
< 0.4	0.4–0.45	0.45–0.5	0.5	0.5-0.55	0.55-0.6	0.6-0.65	0.65-0.7	0.7-0.75	0.75-0.8	> 0.8

5.1.2 PERFORMANCE MEASURE

The Contractor's progress in achieving and maintaining "best-in-class" ES&H program performance, as measured by the total recordable case rate (TRC).

TARGET: TRC rate is 1.17

GRADIENT

A+	A	A-	B+	B	B-	C+	C	C-	D	F
< 0.83	0.83-1.0	1.0-1.17	1.17	1.17-1.22	1.22-1.27	1.27-1.32	1.32-1.37	1.37-1.42	1.42-1.8	> 1.8

5.1.3 PERFORMANCE MEASURE

The number of environmental non-compliance issues relative to an internal control number.

TARGET: The number of environmental incidents (Notices of Violations and environmental releases exceeding regulatory reportable quantities) is at or below 3. Laboratory and DOE will apply a weighting factor to each environmental incident depending on severity and magnitude.

GRADIENT

A+	A	A-	B+	B	B-	C+	C	C-	D	F
0	1	2	3	3.5	4	4.5	5	5.5	6	> 6

PROTOCOL

The FY2006 Weighting Factors for Environmental Incidents and Reportable Quantity Thresholds (see attachment) jointly developed by LBNL and DOE/BSO will be applied to this performance measure.

5.1.4 PERFORMANCE MEASURE

The number of radiological incidents relative to an internal control number.

TARGET: The number of radiological incidents is at or below 3. Radiological incidents are:

- Reportable occurrences categorized as significance category 1, 2, 3, or 4 (Personnel Contamination only) under Group 6 of the Occurrence Reporting and Processing System (ORPS).
- Items requiring entry in the Price-Anderson Amendments Act Non-Compliance Tracking System (PAAA NTS).

Non-compliances that are reportable under ORPS and entered into PAAA NTS will only count as one issue. ORPS category 4 (Personnel Contamination) occurrences are weighted 0.5.

GRADIENT

A+	A	A-	B+	B	B-	C+	C	C-	D	F
0	1	2	3	3.5	4	4.5	5	5.5	6	> 6

5.2 OBJECTIVE

Provide Efficient and Effective Implementation of Integrated Safety, Health and Environment Management

In measuring the performance of this Objective, the DOE evaluator(s) shall consider the following:

- Demonstration of the commitment of leadership to strong ES&H performance
- The maintenance and appropriate utilization of hazard identification, prevention, and control processes/ activities; and
- The degree to which scientist and workers are involved and engaged in the ES&H program at the working level.

5.2.1 PERFORMANCE MEASURE

Complete required safety-related training per JHQ.

TARGET: 90% by 9/30/06.

GRADIENT

A+	A	A-	B+	B	B-	C+	C	C-	D	F
98 - 100	95 - 97	91 - 94	90	85 - 89	80 - 84	75 - 79	70 - 74	65 - 69	60 - 64	< 60

PROTOCOL

The grade for this performance measure will be determined by the overall completion rate for required safety-related training. The final score within the grade range will be based on the performance of two safety-training classes. Specifically, the expectation is to achieve a 90% completion rate for the Root Cause Analysis Class and an 80% completion rate for the ES&H for Science Division Supervisors (EHS026) class. The baseline population to be trained for EHS026 is the total number of Science division managers and supervisors (480) minus the number of those trained before 9/30/05. To obtain a B+, LBNL will need to train 384 (80% of 480) employees minus those trained before 9/30/05. If the baseline population is below 480, then the 80% calculation will be based on the actual population.

GRADIENT (for EHS026)

A+	A	A-	B+	B	B-	C+	C	C-	D	F
88 - 90	85 - 87	81 - 84	80	75 - 79	70 - 74	65 - 69	60 - 64	55 - 59	50 - 54	< 50

5.2.2 PERFORMANCE MEASURE

Effectiveness of the process to identify, analyze, and categorize hazards associated with all work

TARGET: Divisions have an effective process to identify and analyze hazards. Performance will be determined through the LBNL FY06 ES&H Division Self-Assessment reporting and validation process. For each division and directorate, a green rating receives three points, a yellow rating receives two points, and red rating receives one point. Total Laboratory score will be 43 points or higher out of 48 total possible points.

GRADIENT

A+	A	A-	B+	B	B-	C+	C	C-	D	F
> 45	45	44	43	42	41	40	39	38	37	< 37

5.2.3 PERFORMANCE MEASURE

Effectiveness of ES&H communication between management and staff

TARGET: Divisions have ongoing and systematic ES&H communication between management and staff. Performance will be determined through the LBNL FY06 ES&H Division Self-Assessment reporting and validation process. For each division and directorate, a green rating receives three points, a yellow rating receives two points, and red rating receives one point. Total Laboratory score will be 43 points or higher out of 48 total possible points.

GRADIENT

A+	A	A-	B+	B	B-	C+	C	C-	D	F
> 45	45	44	43	42	41	40	39	38	37	< 37

5.2.4 PERFORMANCE MEASURE

Involvement of managers and staff in ES&H feedback and improvement activities

TARGET: Division managers and staff are regularly involved in ES&H feedback and improvements. Performance will be determined through the LBNL FY06 ES&H Division Self-Assessment reporting and validation process. For each division and directorate, a green rating receives three points, a yellow rating receives two points, and red rating receives one point. Total Laboratory score will be 43 points or higher out of 48 total possible points.

GRADIENT

A+	A	A-	B+	B	B-	C+	C	C-	D	F
> 45	45	44	43	42	41	40	39	38	37	< 37

5.3 OBJECTIVE

Provide Efficient and Effective Waste Management, Minimization, and Pollution Prevention

In measuring the performance of this Objective, the DOE evaluator(s) shall consider the following:

- Environmental Management System implementation
- Success in waste minimization (low level, mixed low level, hazardous, and/ or sanitary waste), emission reduction, and/or resource conservation

5.3.1 PERFORMANCE MEASURE

80% of milestones to development, implement, and maintain certification equivalence of an LBNL Performance-based Environmental Management System are achieved.

TARGET milestones:

1) Complete external triennial audit
2) External audit validates effective implementation of EMS
3) Analyze environmental aspects/ impacts

4) Implement Environmental Management Programs to improve environmental performance
5) Complete internal annual assessment

GRADIENT

A	B+	C	D
Meet 5 target milestones	Meet 4 target milestones	Meet 3 target milestones	Meet 2 target milestones

PROTOCOL

Completion of milestones 1 and 2 are required in order to meet the minimal expectation of this performance measure.

5.3.2 PERFORMANCE MEASURE

For designated projects, identification and implementation of waste minimization, emission reduction, and/or resource conservation opportunities

TARGET: LBNL will select, evaluate, and implement two waste minimization, emission reduction, and/ or resource conservation projects.

GRADIENT

A Range	B+	C Range	D Range	F
Implement more than two projects	Implement two projects	Implement one project	Initiate project implementation	No project Implemented

PROTOCOL

By April 1, 2006, LBNL and BSO will jointly agree on the potential candidate projects and their respective potential point values with the understanding that several small projects may be grouped together and counted as one implemented project. Additional projects may be identified after April 1, 2006, and used for this performance measure. The examples of projects to be considered include: the disposal of concrete materials as sanitary waste rather than radioactive waste, procurement of filmless digital imagers, sealing of ventilation ducts, and reducing LBNL commute traffic. The number of implemented projects will determine the grade for this performance measure; however, evaluations completed during the performance year, but not implemented, may be used to achieve a higher score within the grade range.

Weighting Factors for Environmental Incidents at LBNL
October 28, 2005

Wt Factor	Description
1/3	Category 1) Minor Non-compliance: An incident that is isolated, and a NOV is issued primarily for administrative deficiencies. Examples: • An undated HW container. • Submitting an incomplete or a late self-monitoring report. • Agency inspection reports requiring such things as housekeeping or minor recordkeeping improvements. • Failure to make recordkeeping entry in logbook.
2/3	Category 2) Moderate Non-compliance: An incident that is isolated and causes a release of pollutants. It must result in either a NOV or a reportable release other than a courtesy notice to local agencies. Or a repeated minor non-compliance(see note #2). Examples: • A leaking HW container (NOV issued). • A sewage spill of greater than 1,000 gallons (no NOV issued). • An oil spill of greater than 42 gallons (no NOV issued). • Use of a coating product at paint spray booth for a special purpose in which coating exceeds applicable regulatory VOC limit (NOV issued).
1.0	Category 3) Significant non-compliance: An incident that releases pollutants and poses potential harm to the public and/or environment. The incident results in a release that is reportable to regulatory agencies (other than a courtesy report to local agencies), and a NOV is issued. Or a violation of regulations resulting in a NOV or operational restrictions. Or a repeated moderate non-compliance or ongoing violation. (see note #2) Examples: • Stored HW container that ruptures and pollutants reach air, soil, or surface water in reportable quantities(NOV issued). • A treatment unit that releases effluent above permitted limits to the sanitary sewer(NOV issued). • A material release above reportable quantities that reaches air, soil, or surface water(NOV issued). • A waste packing violation that results in LBNL not being able to ship wastes offsite. • Use of wrong type of spray nozzle at paint spray booth since last regulatory inspection.

Note: 1) Incidents that are discovered by LBNL self assessments or DOE operational awareness will not be counted, provided that they do not result in a Notice of Violation (NOV) or a legally reportable release. If a NOV is issued, or there is a legally reportable release, then the normal category will apply. DOE is the regulator for some environmental issues.

2) Repeated violations are those that recur more than twice over a three year period. Violations must be of the same general type for the accumulation to occur. For example, labeling violations on waste containers would be one type and would accumulate. A labeling violation would not accumulate with late self monitoring report because they are of different types. To further clarify this note, the third minor violation occurring in a three year period will be counted as a moderate non-compliance. The third moderate non-compliance will be counted as a significant non-compliance.
3) An incident is defined according to the PM 1.5.h
   - *Violations resulting from regulatory inspections or regulatory reporting*
   - *Reportable occurrences of environmental releases exceeding regulatory or permitted levels established by Federal, State or Local agencies (authorized by Federal or State agencies to implement Federal or State environmental statutes).*
4) The DOE has the authority to set the weighting factor for each incident dependent upon the circumstances surrounding the incident. This will include the possibility of assigning a weighting factor of > 1.0 for violations that are considered gravely harmful to humans or the environment. DOE will not use a > 1.0 weighting factor except in extremely unusual circumstances.
5) Reportable releases are defined in a number of environmental regulations including, but not limited to:
   - 40 CFR 117 (CWA)
   - 40 CFR 302 (CERCLA)
   - 40 CFR 355 (EPCRA)
   - 40 CFR 761 (TSCA/PCBs)

   Some illicit discharges (such as those to the storm sewer) are not allowed regardless of the quantity. Drinking water from a garden hose is an illicit discharge if it goes to the storm sewer. Even though LBNL is obligated to minimize such discharges; it is not intended that such small discharges will count as incidents. This is not to say that no discharge of drinking water will count as an incident since large quantities of drinking water can (and have) killed fish down stream due to the chloramines used for disinfection. If a dispute arises, LBNL and DOE will negotiate whether the discharge should be counted as an incident (and the appropriate weighting factor) using the guidelines above.
6) Historical releases that were discovered during the current performance year may not be counted. Representatives from DOE and LBNL will discuss the circumstances of the release and make a determination. For example, mercury discovered encased within a sediment layer in a storm drain catch basin or PCBs discovered below a building foundation where it is believed that the release had occurred a number of years ago.

Carl Schwab	10-28-05	Ron Pauer	10/28/05
Carl Schwab BSO	Date	Ron Pauer LBNL	Date

Goal 6: *Deliver efficient, effective, and responsive Business Systems and Resources that enable the successful achievement of the Laboratory Mission(s)*

The contractor sustains and enhances core business systems that provide efficient and effective support to Laboratory programs and its mission(s).

Executive Summary

The FY 2006 performance score for the Business Systems Performance Goal 6 is 4.1 (A+). Business Systems includes: Financial Management; Acquisition and Property Management; Human Resources Management; Internal Audit and Information Management; and Technology Transfer and Commercialization of Intellectual Assets.

A summary of performance in the area of effective financial management at LBNL is included in Attachment 1 – *FY 2006 Financial Management Balanced Scorecard Report*. Several strategies were implemented by the Office of the CFO (OCFO) to strengthen controls, accountability, and effective financial management practices throughout the year.

Procurement and Property Management's performance under their FY 2006 Balanced Scorecard Plans achieved a score of 3.9 (A).

Human Resources (HR) implemented 9 of 11 activities with the two remaining activities initiated. These far exceed LBNL's commitment to implement two activities. The structure and staffing levels of the General Sciences HR Center and the delivery of recruitment services have been redesigned. HR has developed a new approach for managing Scientist & Engineer (S&E) salaries, recognizing that maturity curves were no longer meeting our needs, and has revitalized the Laboratory's training and development program through the implementation of the Berkeley Laboratory Institute (BLI). The HR Department has demonstrated that it can be a strategic business partner to Laboratory management.

LBNL's Internal Audit Services (IAS) has had a productive year, and has met or exceeded all of the performance goals established for FY 2006.

The LBNL IT Institutional Systems Department, working with the Project Management Office, developed a mechanism to track cost and schedule and report progress for ECSC computer application development projects. The process for tracking ECSC projects to cost and schedule is in place to develop performance numbers for out years.

LBNL substantially exceeded performance goals for timely disclosure of all new inventions and deployment of intellectual property income. LBNL reported 98.8% of invention disclosures to DOE within 60 days and obtained more than $2.9 million of income.

Goal Score

ELEMENT	Numerical Score	Objective Weight	Weighted Score	Total Points
6 Deliver Efficient, Effective, and Responsive Business Systems and Resources that Enable the Successful Achievement of the Laboratory Mission(s)				
6.1 Provide an Efficient, Effective, and Responsive Financial Management System(s).	4.0	30%	1.20	
6.2 Provide an Efficient, Effective, and Responsive Acquisition and Property Management System(s)	3.9	30%	1.17	
6.3 Provide an Efficient, Effective, and Responsive Human Resources Management System	4.0	20%	0.80	
6.4 Provide efficient, effective, and Responsive Management Systems for Internal Audit and Oversight, Quality; Information Management; and Other Administrative Support Services as Appropriate	3.9	10%	.39	
6.5 Demonstrate Effective Transfer of Technology and Commercialization of Intellectual Assets	4.3	10%	.43	
Performance Goal 6.0 Total				4.0

Performance Evaluation

Performance Objective 6.1: Provide an Efficient, Effective, and Responsive Financial Management System

Objective 6.1 has one measure and the grade is A+ (4.2).

Performance Measure 6.1.1: The Laboratory will present data and analysis demonstrating the Laboratory¹s success in meeting Financial Management goals and expectations using the Laboratory's Balanced Scorecard Model Index approved by the DOE BSO.

Target: Achieve a score of 86.8 or better on the Balanced Scorecard Model Index.

Performance: The Laboratory's performance in the areas identified in Attachment 1 – *FY 2006 Financial Management Balanced Scorecard Report* is 98.54%. Attachment 2 – *FY 2006 Appendix B Fiscal Year End Results* provides statements of performance in each measure including data and analysis that supports the Laboratory's goals and expectations in Financial Management.

Internal Controls

LBNL continued its efforts to improve financial practices and accountability in FY2006. As funds control is a critical aspect of financial management, systematic controls continued to be developed and employed. Phase I of the new Budget System was implemented in Q4. Parallel testing is being conducted through the end of calendar year 2006. The new system has integrated controls that will mitigate errors and permit the Divisions to access status reports on a daily basis.

Emphasis on completing 100% of the reconciliations for all active balance sheet accounts continued to be an area of primary focus this year. Through year end, 94.8% of all active accounts were reconciled in accordance with the Laboratory's policy requirements.

The Laboratory's Corrective Action Tracking System (CATS) was employed to closely monitor internal and external audit recommendations, ensure appropriate target dates were set and timely resolution completed. Through year end, 92.6% of audit recommendations or corrective actions were completed by the established due date.

The OCFO continued to expand the web-based Financial Policy and Procedures Manual, which is accessible to all employees. All eight of the required new financial policies were developed during the year to meet the business needs of the Laboratory in accordance with DOE requirements. A total of 26 financial polices have been issued to date.

The vast majority (83 out of 85 or 97.6%) of the DOE reports were submitted by the established due date, in an accurate and complete manner.

As a result of continuous awareness and effective internal controls, costs remained within B&R Obligational Control Levels (OCL) for DOE direct funding at the end of each monthly accounting period through year end. Due to the Lab's concerted efforts to implement a new budget system and continue activities to monitor financial controls, this measure has been met for the year.

Opportunities exist for improvement to meet best in class standards. In an effort to improve reconciliation timeliness, LBNL self-identified one travel account with persistent reconciliation problems and acted aggressively to mitigate concerns. While

this account is only one out of an average of 250 account reconciliations performed each month (or 0.4%), it involves a large number of transactions. Another issue that was self-identified involved an under-accrual of performance fee that occurred during the transition from Contract 98 to Contract 31. The problem was identified early in the fiscal year, and a solution for covering the shortfall was found so that funding problems at year-end were avoided.

Financial Training

Training for OCFO employees was a priority in FY2006 to provide the necessary tools for a basic understanding of effective financial management. A comprehensive three-day certification course, *Core Financial Management Training*, was conducted for financial employees. In addition a Non-Employee Stipends course was also developed to augment the new Non-Employee Stipends policy and address business needs. As Laboratory systems are a key resource for financial data, a variety of financial systems courses were provided to employees to develop their ability to use technology for effective and efficient financial reporting.

Financial Productivity and DOE Support

The Laboratory continued to support DOE system priorities and initiatives, such as the Standard Accounting and Reporting System (STARS). In addition, the OCFO supported the Financial Management Systems Improvement Council (FMSIC) in sharing ideas and expertise with DOE on improvements to financial management reporting and processes. The ongoing support of process and system improvements was also demonstrated by the implementation of Phase I of the Laboratory's new budget system, the new eBuy purchasing system, the XML invoicing process, and the Field Budget Submission System.

Performance Objective 6.2: Provide an Efficient, Effective, and Responsive Acquisition and Property Management System(s)

Objective 6.2 has one measure and the grade is A (3.9).

Performance Measure 6.2.1: The Laboratory will present data and analysis demonstrating their success in meeting Acquisition and Property Management objectives and expectations using the Laboratory's Balanced Scorecard Model Index approved by the DOE BSO.

Target: Achieve a score of 86.8% or better on the Balanced Scorecard Model Index.

Performance: Based on the results achieved under the FY 2006 *Acquisition and Property Management Systems Balanced Scorecard Plans*, Procurement earned 97 of the 100 (97%) of points available under the model and Property Management

organization earned 91 of the 100 (91%) points available. The FY 2006 target of 86.8% was exceeded.

	Procurement Score	Property Management Score	Objective 6.2 Score
Score	4.1	3.6	
Weight	50%	50%	
Weighted Score	2.1	1.8	3.9

The Laboratory Procurement and Property Management organizations have assessed performance in the areas identified in Attachment 3 – *FY 2006 Acquisition and Property Management Systems Balanced Scorecard Plans*, dated February 14, 2006. A report for each function is attached providing the data and analysis supporting the scores earned for each activity measured.

- Attachment 4 – *Fiscal Year 2006 Appendix B Procurement Balanced Scorecard Report*
- Attachment 5 – *Fiscal Year 2006 Appendix B Property Management Balanced Scorecard Report*

Procurement

Customer Perspective

Internal customers were surveyed as to their satisfaction with the services provided by Procurement related to a specific purchase transaction. By year-end, 93.3% of the customers responding to the survey stated they were "Satisfied" or "Highly Satisfied." The Laboratory therefore achieved an "Outstanding" for this measure.

Internal Business Processes

During Fiscal Year 2006, the Procurement organization continued the program established in FY 2005 of conducting Procurement System Evaluations to measure the effectiveness of its purchasing system and internal controls to ensure compliance with applicable contractual, statutory, regulatory, policy, and procedural requirements. Risk-based self-assessments were performed of purchase order, subcontract, and agreement transactions, and of the procurement transactions of the Distributed Purchasing Unit. Pre-award reviews were conducted through Contract Review Boards. In addition, pre-award supervisory reviews were performed for all awards and modifications exceeding subcontract administrator authority. Scoring for this measure is based on the average file scores from two random sample post-award

reviews: Low Value Purchases (Score 96.7) and High Value Subcontracts (Score 95.3). The average file score from each review was multiplied by its ratio to the number of transaction samples and then added together for an overall score. The resulting score was 96.1 out of 100. Accordingly, the Laboratory achieved an "Outstanding" rating.

The percentage of dollars awarded by the Laboratory to small businesses exceeded goals in four of the six socioeconomic concern categories; Small Business (SB), Small Disadvantaged Business, HUBZone Small Business, and Veteran-Owned Small Business. For the Small Business concern category, the 41.33% goal was exceeded by 2.99%. Contributing to these excellent results were the new strategic sourcing contracts placed with small businesses and the numerous small business outreach activities conducted by the Small Business and Supplier Management Office this year. The Laboratory recommends that this be considered by DOE in the evaluation of the Laboratory's performance and proposes that all five points be awarded for this measure.

Learning and Growth

A Procurement Employee Advisory Council (PEAC) was formed this year to assess the Fiscal Year 2005 Procurement employee satisfaction survey results, which had shown a decline over the past five years. The mission of this Council is to address systemic issues related to Procurement operations that impact morale, satisfaction, and effectiveness, and to recommend potential solutions. The Council is comprised of nine employees, representing all four Procurement buying groups.

Procurement employees were surveyed again this year to obtain their feedback on topics relating to timeliness, quality of work environment, efficiency, communications, openness to innovation, and ethics. The overall employee satisfaction rating was 80%. This rating is slightly lower than that achieved in FY 2005; however, the calculated average of employees' scores was exactly the same at 3.9 out of 5.0. Results of employee survey will be presented to the PEAC for further assessment and development of appropriate actions. The 80% satisfaction rating earns the Laboratory an "Excellent" rating.

For FY 2006, the Procurement organization committed to developing an employee training program. In mid-December, a survey was sent to all Procurement employees to solicit input to arrive at a training needs assessment. A meeting followed in May to identify needs for future development of employees. A Training Plan was developed and submitted to DOE-BSO and UC on August 31, 2006. During FY 2006, General Skills Training and Additional Assignment Specific Skills Training were provided to Procurement Group Managers, procurement specialists, and field buyers through Laboratory on-site training, off-site classroom training, during Group Manager meetings, and during one-on-one sessions following Group Manager Supervisory reviews and Post Award reviews to address assessment results and

corrective actions. The Laboratory earns an "Excellent" rating, for its efforts in this area.

As part of effective learning and growth, it is essential that Procurement staff have information available to them to perform their job. The Procurement organization assesses whether procurement practices, policies, general provisions, and forms are current and accessible to the staff. During the first part of the Fiscal Year, a major effort was undertaken to review all Procurement Standard Practices (SPs) and update those identified as needing significant change and to reflect the current Prime Contract 31 clauses. By mid-year, of the 108 SPs reviewed, 76 were revised, completed, and approved or deleted. Thirty-two SPs were determined to be acceptable as is or needed only minor changes, most of which were made before year-end. During the latter part of the Fiscal Year, focus moved to the update of Procurement's General Provisions (GPs). Ten GPs were modified and submitted to DOE-BSO for review in mid-July. Input was received back from DOE-BSO in mid-August and in September. This input is currently under discussion between the Laboratory and DOE-BSO and revisions are scheduled for submission to DOE-BSO on October 13, 2006. The Laboratory's Information Availability score of 94.8%, earns the Laboratory an "Outstanding" rating.

Financial Perspective

The cumulative Procurement cost-to-spend ratio was 2.22%. This ratio is comparable to the FY 2005 CAPS: Center for Strategic Supply Research procurement mean benchmark result of 2.27% for DOE/NNSA Contractors. The Laboratory earns an "Outstanding" rating.

Property Management

Customer Perspective

Two different approaches are utilized by Property Management to measure customer satisfaction. Both approaches focus on Timeliness, Quality and Partnership. A web based survey is available to External Customers, defined as any employee not a Property Representative or Property Coordinator. The Property Management Advisory Board conducts an independent survey of Internal Customers, defined as Property Representatives and Coordinators. The Board scores the survey and provides the results to the Property Manager. Both surveys target 80% as the level of customer satisfaction to be achieved. A Customer Satisfaction rating of 82% was calculated from the External Customer survey and the Internal Customer survey scored at 100%.

As part of the Customer Perspective, Property Management, tests the accuracy of property assignments and whether or not the custodian was in agreement with the assignment. A random sample of property assets is selected and the custodians

contacted. The target for this measure is 98%. The result was a 97.78% score for custodians of sensitive assets and a 100% score for custodians of equipment assets.

Internal Business Processes

The Laboratory performed exceptionally well in the 2006 statistical sample inventory of Sensitive Property and Equipment. Inventory find rates exceeded 99% for all categories of the inventory. Such results are competitive with any Office of Science Laboratory.

Vehicle utilization exceeded the established target of 90% for both discretionary and essential motor vehicles. However, an IG Audit on "The Department's Utilization of Fleet Vehicles" was particularly critical of the utilization rates at LBNL. The utilization standards upon which the IG Report was based are different than the standards in the LBNL balanced scorecard, which were tailored to the practicalities of vehicle use at a compact site in a hilly terrain. Nonetheless, the Laboratory has committed to develop standards for FY 2007 that are closer to best practices at other sites. Consequently, while the Balanced Scorecard targets for vehicle utilization were negotiated in good faith and were met or exceeded, the Laboratory is not satisfied that an outstanding rating in vehicle utilization that may not achieve results reflecting best practice standards is justified. Development of such standards that achieve an effective and efficient balance of site tailoring and best practices are nearing completion. A downward adjustment of 40% (a reduction from 5 to 3 points each) for Balance Scorecard core elements 9.0, Discretionary Vehicle Utilization, and 10.0, Essential Vehicle Utilization, is considered reasonable.

The declaration of unneeded assets as Excess and the timely processing of them through disposal received substantial visibility during the fiscal year. The Department of Energy's target for FY 2006 was to process 2,043 assets, representing an increase of 8% over the number processed through disposal in FY 2005. Executive Management support was provided in the 4th quarter by way of memorandum signed out by the Chief Operating Officer and, by mid- September, the target had been exceeded.

Subcontractor held property continues to be an area requiring special attention. System improvements implemented earlier this year will begin to pay dividends in 2007. Lessons learned from our efforts in FY 2006 will be the basis for additional training in 2007. Refining our baseline of subcontracts with Government Furnished Property and/or Subcontractor Acquired Property continues. Our goal is to make the overall process more efficient, thus requiring fewer resources to manage.

Learning and Growth

The continued development of Property Management staff, both those in the core and those functioning at the division level as Representatives and Coordinators continues to be a priority. A 30 minute training session has been added to our monthly Property

Representative Meeting, with the intention of developing a more formal documented course approach. Training is tied not only to specific subject matter but also to the Balanced Scorecard Objectives.

Financial Perspective

Property Management has seen several efforts initiated in FY 2006 that will yield reduced costs and improved efficiencies in the future. A Property Management Improvement Project has been initiated that will address the concerns/risks identified in the Program Review conducted in FY 2005. An implementation plan is scheduled to be in final draft by the December-January timeframe.

The decision has been made to update the current Asset Management System (AMS) to Version 4.5, in addition to the procurement of new barcode scanners, combining to provide improved functionality and flexibility as we move to further decentralize the Property Management Program. The upgrade is scheduled to be completed by November 1, 2006.

A dedicated IT resource is on board working full time to support the upgrade and to create and implement much needed interfaces between the AMS and other business systems. Completion of the interfaces will increase efficiency and decrease the data errors that currently flow through to the database.

Internal core processes are being reviewed, consolidated where possible, and improved. The initial effort is focused on Loans, Borrows, and Off Site Controls. The process that guides the retirement of assets from our database has been revised and substantially strengthened.

These efforts represent "capital improvements" to the Laboratory's Property Management program. When finalized and fully implemented, they will substantially strengthen the program and produce cost savings and improved efficiencies.

Performance Objective 6.3: Provide an efficient, effective, and responsive Human Resources Management System

Objective 6.3 has one measure and the grade is A (4.0).

Attachment 6 – *FY 2006 Human Resources Balanced Scorecard Report* provides statements of performance for each activity.

Performance Measure 6.3.1: The Laboratory will analyze its Balanced Scorecard activities in order to demonstrate its success in achieving an effective Human Resources Management System. The Laboratory assessed performance in the areas identified in Attachment 6 – *FY 2006 Human Resources Balanced Scorecard Report*.

Target: Achievement of the following will demonstrate "B+" level of performance.

Performance: During this fiscal year, Human Resources (HR) has implemented 9 of 11 activities. The two remaining activities are at the initiated level. In order to reach the "A" level, only two of these activities needed to be implemented.

During this period, HR has redesigned the structure and staffing levels of the General Sciences HR Center and the delivery of recruitment services. HR has developed a new approach for managing Scientist & Engineer (S&E) salaries, recognizing that maturity curves were no longer meeting our needs, and has revitalized the Laboratory's training and development program through the implementation of the Berkeley Laboratory Institute (BLI). The HR Department has demonstrated that it can be a strategic business partner to Laboratory management.

LBNL has a mission to attract, retain, and motivate world class scientists. The compensation programs support this through competitive design, rewarding performance, and being flexible enough to handle unique situations. The program continues to evolve to ensure alignment with management's strategic objectives.

The new S&E compensation design supports the strategic direction of the Laboratory. It provides a better understanding and representation of the external market. It also supports the concepts of employee development and succession planning. This is accomplished while at the same time providing the flexibility for the divisions to manage salaries within their unique business environments.

Performance Objective 6.4: Provide Efficient, Effective, and Responsive Management Systems for Internal Audit and Oversight; Quality; Information Management; and Other Administrative Support Services as Appropriate.

Objective 6.4 has five measures and the average grade is A (3.9).

Measure	Grade	Numerical Score	Avg. Numerical Score for Objective 6.4
6.4.1	A	4.0	
6.4.2	B+	3.4	
6.4.3	A	4.0	
6.4.4	A	4.0	
6.4.5	A	4.0	
Performance Objective 6.4 Total			3.9

Note: All measures equally weighted.

Performance Measures 6.4.1: Customer Perspective - Internal Audit will be measured on the degree to which an effective and efficient process for obtaining internal and external customer feedback has been developed and is ready for deployment.

Target: Internal Audit will have an effective and efficient process for obtaining customer feedback ready for deployment.

Performance: The grade for this measure is A (4.0). Internal Audit (IAS) completed this goal ahead of schedule completing all work by the third quarter. Appropriate survey questions for soliciting feedback were developed for both internal and external customers, along with an implementation plan. Surveys will be distributed to internal and external customers upon completion of each audit and significant advisory service project via a web-based survey tool. Surveys will be deployed beginning with the first audit issued in FY 2007.

Performance Measure 6.4.2: Internal Business Processes - Internal Audit will plan for and conduct audits of core business functions as approved by the LBNL Audit Committee and UCOP Audit Management.

Target: Internal Audit will complete 80% of the annual audit plan or equivalent as approved by the LBNL Audit Committee and UCOP Audit Management.

Performance: The grade for this measure is B+ (3.4). Internal Audit met the target by completing and issuing reports (draft or final) for 13, or 81 percent, of the 16 planned audits during FY 2006.

In addition to meeting this performance goal, IAS issued seven additional advisory service and/or supplemental audit reports in FY 2006.

Performance Measure 6.4.3: Financial Perspective – Internal Audit staff will maintain an appropriate level of hours spent directly on audits, advisory services and investigations in accordance with standards developed by UCOP Audit Management and approved by the LBNL Audit Committee.

Target: Internal Audit will report quarterly on direct and indirect hours. Direct hours will account for at least 85% averaged over the course of the year.

Performance: The grade for this measure is A (4.0). IAS direct hours will account for approximately 90.7% of staff time for FY 2006. Hours spent on audits, advisory services, investigations, and audit support activities are considered to be direct hours. Indirect activities include time spent on administration and professional development.

Performance Measure 6.4.4: Learning and Growth Perspective – Internal Audit will be assessed on the percentage of professional staff that complete the training hours required to maintain credentials/certification.

Target: 85% (6 out of 7) of professional staff complete hours to maintain certifications.

Performance: The grade for this measure is A (4.0) The three staff whose reporting periods ended 7/31/2006 all completed more than the necessary hours to maintain their professional certification. All seven staff completed the required CPE hours for maintaining these certifications for their last reporting periods and have completed or have planned training which will result in sufficient progress for current reporting periods.

Each staff member reports continuing professional education (CPE) hours required for professional certifications on different cycles as prescribed by the various certifying organizations. Staff professional certifications include Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE) and Certified Information Systems Auditor (CISA).

Note: all professional certifications listed require 80 hours of CPE over a 2-year period, except for the CFE, which requires 20 hours per year.

Performance Measure 6.4.5: Information Management – LBNL will baseline existing governance and project management activities surrounding applications development. The Laboratory will develop and implement a process that would create past performance data for an out year metric.

Target: Document and confirm that a process for tracking Enterprise Computing Steering Committee (ECSC) projects to cost and schedule is in place to develop performance numbers for out years.

Performance: The grade for this measure is A (4.0). LBNL committed to track cost and schedule for those computer application development projects governed by the Lab's ECSC allocation and oversight process. Working with the Lab's Project Management Office, IT's Institutional Systems Department developed this tracking mechanism and used it to report progress to the ECSC on at least a quarterly basis. The approach met the goal of developing a measurable performance metric for progress on ECSC development. Beginning with next year's projects, this information will be available to all ECSC stakeholders on the ECSC website.

In addition to establishing the tracking system LBNL also implemented the following this fiscal year:

- Enterprise Computing Project Management Graded Approach – defining the life cycle of ECSC projects and recognizing that project review points should vary depending on project scope/size;
- Project Communication and Status Reporting Standards – Defining the content to be presented for review at various project review points; and
- Project Change Management Guidelines - Establishing guidelines for project scope change control.

Performance Objective 6.5: Demonstrate effective transfer of technology and commercialization of intellectual assets.

Objective 6.5 has two measures and the average grade is an A+. (4.3)

Measure	Grade	Numerical Score	Avg. Numerical Score for Objective 6.5
6.5.1	A+	4.3	
6.5.2	A+	4.3	
Performance Objective 6.5 Total			4.3

Note: All measures equally weighted.

The two measures are equally weighted in the Performance Objective 6.5 Scoring Table. [We did have a scoring gradient] Targets for the two measures exceeded targets as shown in the Scoring Table and discussed below.

Performance Measure 6.5.1: The Contractor will disclose all new inventions made under the contract to DOE in a timely fashion.

Target: The Contractor shall disclose at least 88% of new inventions with two months of disclosure receipt.

Performance: For year to date FY 06 LBNL received 83 invention disclosures, 98.8% of which were reported to DOE within 60 days. This performance significantly exceeds our annual goal of 89%; and meets the rating level of A+ (4.3).

Performance Measure 6.5.2: The Contractor will deploy its intellectual property through licenses, options, bailments, and similar technology transfer instruments. It will seek to obtain a fair return on these technologies to use as inventor incentives and for use per the Contract. A measure of market impact is indicated by the income received by the Contractor for use of these technologies.

Target: The Contractor shall obtain at least $1,200K income.

Performance: For year to date FY 06, LBNL received $2,930K of intellectual property income. This performance exceeded our annual goal of $1,200k and meets the rating level of A+ (4.3).

Other

Office of the Chief Financial Officer

The Laboratory effectively implemented DOE requirements for the OMB Circular A-123 project to define and test controls currently in place. All milestones and timelines for FY2006 were successfully completed. The results validated financial controls in place and no material weaknesses were identified.

Acquisition and Property Management

In FY 2006, the Laboratory's Strategic Sourcing Initiative went live with its new "eBuy" system for the purchase of standard catalog items. eBuy electronically integrates supply chain activities including requisitioning, ordering, receiving, invoicing, and payment. It benefits the Laboratory in several areas:

- Requesters have access to entire vendor catalogs and can directly order items without Procurement's involvement in the day-to-day transactions. This eliminates several layers of administrative processing, which gives end-users improved delivery service while reducing transaction costs.
- eBuy has greatly enhanced controls and visibility compared to exiting B2B contracts. It has automated workflow requisition approvals, real-time data validation, and extensive reporting.
- The Laboratory does not need to maintain thousands of catalog items since eBuy's "punchout" technology allows vendors to maintain and present their catalogs directly to end-users.

In July 2006, Procurement rolled-out to the entire Laboratory the first eBuy office supply contract with Pacific Supply & Safety. In September, new pilots for computer supplies from USfalcon and industrial supplies from S and S were initiated — both are small disadvantaged businesses and one is service disabled veteran owned. Through FY 2006, there have been 816 eBuy orders automatically issued to vendors by end-users through the eBuy process.

Human Resources

Human Resources prepared a Manager Development Program. This program was developed after receiving extensive feedback from Laboratory executives, Division management and the HR Leadership team on the content and specifics of the program. It was approved at the August Division Directors meeting. The Manager Development Program will be launched in January 2007. An official call to Division Directors for participant nominations will go out in late September or early October.

The participant target for the program are rising stars who are promising scientific and/or operations management candidates in the near future or current managers who would benefit by the training. Participants will meet one day a month through December 2007.

The curriculum will include instruction from Laboratory subject matter experts in critical areas such as safety and financial management, and a number of workshops will be conducted in various leadership, communications and skills topics using a combination of in-house, UCLA and UC Berkeley instructors. The participants will also be assigned a Laboratory-wide project to work on throughout the year and will be responsible for reporting back to Division Directors on the outcome. Given the limit on adequate meeting space at the Laboratory, the total participants in this program each year will be 20, approximately one per Division. This Laboratory deliverable is currently on-track as planned.

Technology Transfer

In addition to substantially exceeding performance goals of intellectual property income and timely disclosure of all new inventions, the Laboratory requested and held a major multi Lab and University peer review of LBNL's Technology Transfer and Patents' Department operations. Key findings reflected a favorable outcome when benchmarked against others and recommendations for improved included organization efficiencies (implemented) and additions to licensing staff, which are in the process of being implemented.

Other Technology Transfer accomplishments included a very well attended four part intellectual property/marketing series for researchers and managers to explain and discuss Transferring Technology to the Marketplace. The series was designed to motivate LBNL researchers to disclose their inventions; and to educate researchers and managers about technology transfer, the opportunities it provides, and the role they play in the process. Session topics included:

1) Eureka ! : Inventing and what happens next
2) Patenting: Why is protecting an invention so important?
3) What are licensees and investors looking for?
4) A conversation with Venture Capitalist

Attachments

1. FY 2006 Financial Management Balanced Scorecard Report

2. FY 2006 Financial Management Appendix B Fiscal Year End Results

3. FY 2006 Acquisition and Property Management Systems Balanced Scorecard Plans

4. Fiscal Year 2006 Appendix B Procurement Balanced Scorecard Report

5. Fiscal Year 2006 Appendix B Property Management Balanced Scorecard Report

6. FY 2006 Human Resources Balanced Scorecard Report

Evidence File

Measure 6.1.1

Financial Management BSC

1.1.a FY 2006 Reconciliation Report (October – September)

1.2.a FY 2006 Audit Finding Corrective Actions Report (October – September)

1.2.b Financial Policies and Procedures Table of Contents

1.3.a FY 2006 DOE Reports submitted (October – September)

2.1.a Budget Office validation of funds control (monthly and annual) ensuring costs are within B&R OCL levels for DOE direct funding

2.2.a Financial controls document identifying systematic financial control processes

3.1.a Financial training attendee lists for Core Financial Management Training

Measure 6.2.1

Procurement BSC

1.1.a.1 File – FY 2006 Customer Survey

2.1.a.1 FY 2006 System Evaluation Schedule dated September 21, 2005

Group Manager Judgmental Sample Review Summary (1 Oct 2005 – 31 Mar 2006) Report to Maria Robles on July 28, 2006

Group Manager Self-Assessment Review Reports (Quarter 1 - 2)

List of FY 2006 Contract Review Board (CRB) Reviews

File - Contract Review Board (CRB) Findings Review

Procurement Card Review Reports (Quarter 1, 2, and 3)

July and August 2006 Procurement Card Review Tables (For Year-End Reporting through August)

May 2006, Internal Audit Services Audit Report, Office of the Chief Financial Officer, Procurement Card (IAS 2525)

E-Mail and Report – DOE/BSO Procurement Card View Validation (March 27, 2006)

December 19, 2005 Report – One-Time Low Value Purchases

September 21, 2006 Report – High Value Subcontracts

Screen Shot - eProcurement 8.8 – MODTABLE INFORMATION (GFP/SAP field)

June 12, 2006, E-mail to all Procurement Staff, Subject Reassign Certifiers

Labor Billing Rate Log, Rev. March 22, 2006

3.1.a.1 File – FY 2006 Key Supplier Assessment (Owner Small Business and Supplier Management Office)

3.1.a.2 File – FY 2006 Key Supplier Assessment (Owner Small Business and Supplier Management Office)

Measure 6.2.1 (continued)

Procurement BSC

4.1.a.1 Lead Time Summary (Over $100K) Report Through September 2006

4.1.a.2 Lead Time Summary (≤ 100K) Report Through September 2006

4.1.a.3 Lead Time Summary Report Through September 2006

4.1.a.4 Procurement Statistics Spreadsheet (PRSTATSX.xls) Data as of September 30, 2006
FY 2006 Summary – Transactions Placed by End-Users, Through Electronic Commerce, and Using Rapid Purchasing Techniques

4.1.a.5 Procurement Statistics Spreadsheet (PRSTATSX.xls) Data as of September 30, 2006
FY 2006 Summary – Transactions Placed by End-Users, Through Electronic Commerce, and Using Rapid Purchasing Techniques

4.1.a.6 Report – Performance Statistics – Contract 31 Base Using Procurement and Invoice Data for October 2005 Through September 2006

4.1.a.7 Procurement Statistics Spreadsheet (PRSTATSX.xls) Data as of September 30, 2006

FY 2006 Summary – Transactions Placed by End-Users, Through Electronic Commerce, and Using Rapid Purchasing Techniques

5.1.a Performance Statistics – Contract 31 Base Using Procurement and Invoice Data for October 2005 Through September 2006, Procurement Statistics Spreadsheet (PRSTATSX.xls)

Report - Year to Date Socioeconomic Performance October 05 Through September 06

6.1.a.1 FY 2006 Employee Satisfaction Survey Results – Compilation Spreadsheet

Fiscal Year 2006 Procurement Employee Survey - E-Mail to Procurement Employees on May 3, 2006, With Survey Attached

6.2.a.1 Printout of Calendar Entries for January and February Briefings by Procurement & Property Manager regarding the Department's standing with respect to Safety, Balanced Scorecard Performance, and Customer Satisfaction

Measure 6.2.1 (continued)

Procurement BSC

E-Mail dated July 3, 2006 from Derrol Hammer to Procurement Department Managers and Employees

6.3.a.1 Matrix – Measuring Availability of Information (Through March 2006)

Matrix – Measuring Availability of Information (Through September 2006)

December 14, 2006, E-Mail to Maria Robles, DOE-BSO, Prioritized SP List

LBNL Expanded SP Update Table Dated March 31, 2006

July 14, 2006, E-Mails to Maria Robles, DOE-BSO, Revised GPs

Matrix – Measuring Availability of Information (Through March 2006)

August 14, 2006, E-Mails from Maria Robles, DOE-BSO, Input on Revised GPs

September 21, 2006, E-Mail from Maria Robles, DOE-BSO, Input on Revised GPs

6.4.a.1 File – FY 2006 Employee Training Program Plan and Training Records

7.1.a.1 Procurement Statistics Spreadsheet (PRSTATSX.xls) Data as of September 30, 2006

CAPS: Center for Strategic Supply Research Procurement Performance Benchmarking Report for DOE/NNSA Contractors dated December 22, 2005

Measure 6.2.1 (continued)

Property Management BSC

1.0 Spread sheet reflecting survey responses by question, answer, score and average score.

2.0 Transmittal memo from Advisory Board and Internal Customer Survey Report

3.0 Listing of individuals surveyed, specific asset data and individual responses

4.0 Listing of individuals surveyed, specific asset data and individual responses

5.0 Approved Inventory Plan

Documentation of the Inventory Validation

Final Inventory Results

Review Resolution Summary

6.0 Approved Inventory Plan

Documentation of the Inventory Validation

Final Inventory Results

Review Resolution Summary

7.0 Approved Inventory Plan

Documentation of the Inventory Validation

Final Inventory Results

Review Resolution Summary

8.0 Approved Inventory Plan

Documentation of the Inventory Validation

Final Inventory Results

Review Resolution Summary

Measure 6.2.1 (continued)

Property Management BSC

9.0 Quarterly memos from Fleet Manager

10.0 Quarterly memos from Fleet Manager

11.0 Reports provided by Facilities reflecting tagged assets disposed of within 180 days

12.0 E-mails from Facilities

Statements from Bid4Assets

13.0 Copies of waivers authorized

Follow up documentation

14.0 Subcontractor documentation

E-mail exchanges

15.0 List of base population

Class rosters

16.0 Copies of Employee Development Plans will be made available

17.0 No hard copy documentation will be provided

18.0 Specific documentation will be provided upon request

19.0 No hard copy documentation provided

20.0 Fuel usage reports from Facilities

Measure 6.3.1

Human Resources BSC

1 Customer Input Document
2 Laboratory Directorate/General Sciences HR Center Services Study
3 Recruitment Plan
4 Recruitment Expectations
5 FY04 Merit Budget
6 Employee Definitions
7 Salary Administration Guiding Principles
8 Percent Time Change – TO-Be
9 Percent Time Change - Metrics
10 Termination – AS-IS
11 Termination – TO-BE
12 Termination – Metrics
13 GSRA – AS-IS
14 GSRA – Metrics (no data)
15 GSRA – Campus Meetings Documentation
16 GSRA – Re-Engineering Recommendations
17 Phase I Salary Structure
18 FY07 S&E Salary Analysis
19 HR Accreditation Standards

Measure 6.4.1
External & Internal Customer Surveys

Measure 6.4.2
Audit Reports issued (as appropriate for non-privileged audits) and Distribution Memos

Measure 6.4.3
Report to UCOP detailing how hours were spent throughout the year

Measure 6.4.4
Continuing Professional Education (CPE) logs for professional staff

Lawrence Berkeley National Laboratory
FY 2006 (Oct-Sep) APPENDIX B
BALANCED SCORECARD (BSC) PLAN

	Measured Activities	Report Frequency	Gradient	Value of Activi	Activity Score	Core Measures Critical Activ	Total Points for Activity	Percent of Final Score
	ETHICS / GOVERNANCE / COMPLIANCE							
1.1	**EFFECTIVE ACCOUNTING PRACTICES**							
1.1.a	**Reconciliations** Ensure every active balance sheet account is regularly reconciled in a timely, accurate an manner. *A quarterly update on the status of account reconciliations will be provided* Reconciled Balance Sheet Accounts* All Balance Sheet Accounts	Quarterly	Gauge	80	70.2			
1.2	**INTERNAL CONTROLS**							
1.2.a	**Audit Findings** Ensure timely and appropriate closure of external and internal audit findings within the Off Financial Officer. LBNL will aggressively set target completion dates to ens system promotes prompt and effective corrective actions. Au follow-up system and cross functional communi completion. *A quarterly report on the status* Audit Findings Scheduled to Auc *Ma*	Quarterly	Gauge	100	92.0	**Financial Compliand**	**320**	**32%**
1.2.b	**Policies and Procedures** Execute annual plan to draft and issue financial policies and procedures that support CAS requirements. Ensure policies and procedures are accessible to users. *A report on the development and implementation of the policies an* *Maximum points = 80.*	Annual	Gauge	80	80.0			
1.3	**BUDGET/FINANCIAL REPORTING**							
1.3.a	All DOE budget and financial reports are submitted by the established due date in an accura complete manner. Included are Accelerated Financial Statement Reporting (qua FIS/MARS/STARS submissions, and all other financial reporting re *Quarterly results will be provided. See attached gauge.* Number of Reports Submitted On-time, Accurately, and Number of Reports Scheduled to *Maximum points per quar*	Quarterly	Gauge	60	58.2			

Lawrence Berkeley National Laboratory
FY 2006 (Oct-Sep) APPENDIX B
BALANCED SCORECARD (BSC) PLAN

		Measured Activities	Report Frequency	Gradient	Value of Activi	Activity Score		Core Measures Critical Activ	Total Points for Activity	Percent of Final Score
		FINANCE								
2.1		**FUNDS CONTROL**								
	2.1.a	Ensure costs are within B&R Obligational Control Levels (OCL) at the end of each monthly a period for DOE direct funding. *Monthly results will be reported each quarter.* *Meets = 25 points per month.*	Quarterly	Meets/ Doesn't Meet	300	300.0		Finance	480	48%
	2.1.b	Ensure that the sum of DOE direct-funded costs and commitments do not exceed available B&R OCL at year-end. *Meets = 30 points at year-end.*	Annual	Meets/ Doesn't Meet	30	30.0				
2.2		**EFFECTIVE FINANCIAL CONTROL PROCESS**								
	2.2.a	The Office of the CFO demonstrates improved systematic financial controls to mitigate inap financial transactions that may result in funding or cost issues. *Meets = 150 points at year-end.*	Annual	Meets/ Doesn't Meet	150	135.0				
		PEOPLE								
	3.1.a	**TRAINING** Provide core financial management training to ensure knowledge of job content. *A summary of activities supporting this measure will be provided.* Actual Number of Required Personnel to Complete Core Financial Management Course / Number of Required Personnel Scheduled to Complete Core Financial Management Course*** *Maximum points = 100*	Annual	Gauge	100	100		People	100	10%
		INTERNAL BUSINESS PROCESSES								
4.1		**FINANCIAL PRODUCTIVITY AND DOE SUPPORT**								
	4.1.a	Ensure compliance with DOE system priorities and initiatives, including FMSIC support, the in of ePME, STARS and I-MANAGE. *A quarterly summary of activities supporting this measure will be provide* *Maximum points per quarter = 37.50.*	Quarterly	Meets/ Doesn't Meet	100	100		Internal Business Processes	100	10%
						965.4	**96.54%**	**GRAND TOTAL**	**1,000**	**100%**

* Any item not accomplished in a specified quarter will become part of the universe of the subsequent quarter to which it is carried over.

Lawrence Berkeley National Laboratory
FY 2006 (Oct-Sep) APPENDIX B
BALANCED SCORECARD (BSC) PLAN

Measured Activities	Report Frequency	Gradient	Value of Activi	Activity Score	Core Measures Critical Activ	Total Points for Activity	Percent of Final Score

** Any item not accomplished in a specified quarter will become part of the universe of the subsequent quarter to which it is r
completed on schedule will be briefed to BSO during quarterly meetings. The rescheduling of such an item will b
and DOE.

*** The scheduled number of "Required Personnel" to complete the Core Financial Management (

Lawrence Berkeley National Laboratory
FY 2006 Appendix B Fiscal Year End Results
(October 2005 – September 2006)
Financial Management

Measure	Activity	Report Frequency	Gradient	Value	Comments
1.1.a	**Reconciliations** Ensure every active balance sheet account is regularly reconciled in a timely, accurate and complete manner. *Quarterly results will be provided. See attached gauge.* *Maximum annual points = 80* *Maximum points per quarter = 20*	Quarterly	Gauge	**70.2**	Balance sheet account reconciliations are tracked and monitored each month, in accordance with the Laboratory's Reconciliation Policy. <u>Reconciled Balance Sheet Accounts</u> All Balance Sheet Accounts* Actual calculation (659 + 779 + 686 + 677 = 2801) 2801 ÷ 2954 = 94.8% (see below) <u>FMPAM Gauge</u> 94.8% actual = 75.2 points per gauge (outstanding) *NOTE #1*: One travel account reconciliation was not reconciled due to the lack of availability of critical travel data (e.g., trip numbers, credits and refunds). While this represents only a single account out of an average of 250 account reconciliations each month (or 0.4%), it was recognized as an important account to reconcile properly because of the large number of transactions involved. The reconciliation issue was self-identified as part of a successful program initiated to improve timeliness of reconciliations, and aggressive action was taken to mitigate observed concerns. Per agreement with DOE BSO & UCOP on 7/27/06, this travel account was counted as one unreconciled account each month throughout the year. As a result, a total of 5 points have been deducted from the total score for this measure to account for this action **(75.2 - 5.0 = 70.2)**. A DOE approved Corrective Action Plan was developed and included in the Laboratory's Corrective Action Tracking System (CATS) for resolution. The plan is to complete a process control analysis to increase efficiencies, lower costs and produce accurate travel account reconciliations. Phase I of the Corrective Action Plan is due to be completed at the end of December 2006. *NOTE #2*: The number of accounts reconciled for each quarter in FY 2006 was revised based on findings from the 10/25/06 validation meeting. The score was changed from 94.9% to 94.8%, which did not affect the overall total score.

Measure	Activity	Report Frequency	Gradient	Value	Comments
1.2.a	**Audit Findings** Ensure timely and appropriate closure of external and internal audit findings within the Office of the Chief Financial Officer. LBNL will aggressively set target completion dates to ensure that the audit follow-up system promotes prompt and effective corrective actions. Audit findings will be tracked in the audit follow-up system and cross functional communication will be insured regarding corrective action completion. *A quarterly report on the status of audit findings will be provided.* *Maximum annual points = 100.* *Maximum points per quarter = 25.*	Quarterly	Gauge	**92.0**	Each audit finding and recommendation was monitored and tracked in the Laboratory's Corrective Action Tracking System (CATS). Updates are recorded in CATS and shared with Internal Audit, Office of Contract Assurance and DOE Berkeley Site Office. OCFO audit findings and recommendations were reviewed by the Controller, Operations Manager and the CFO. Communications with the responsible individuals were initiated to ensure corrective actions were completed on a timely basis. Audit Findings Scheduled to be Closed That Were Actually Closed** / Audit Findings Scheduled to be Closed Actual calculation (16 + 25 + 10 + 12 = 63) 63 ÷ 68 = 92.6% FMPAM Gauge 92.6% actual = 92.0 points per gauge (outstanding)
1.2.b	**Policies and Procedures** Execute annual plan to draft and issue financial policies and procedures that support CAS and DOE requirements. Ensure policies and procedures are accessible to users. *A report on the development and implementation of the policies and procedures plan will be provided.* *Maximum annual points = 80.*	Annual	Gauge	**80.0**	The annual policy and procedure plan was executed, resulting in eight (8) financial policies that were developed, finalized and posted to the OCFO website during the year. The policies and procedures provided guidance for all employees on compliance, requirements, DOE regulations and best practices. Following are the eight (8) policies developed in FY06: 1-Accounting for Excess Stores Inventory 2-Allowance for Loss on Stores Inventory 3-Financial Management of Monetary Gifts 4-Technology Transfer Courses 5-Audit Resolution and Follow-Up 6-Invoice Certifications 7-Non-Employee Stipends 8-Contractor Supporting Research (CSR) Four additional policy drafts have been developed and are being finalized (Stop Work for Funds Control, Invoice Cancellations, Office of Homeland Security Charge, and Temporary Non-LBNL Appointments).

Measure	Activity	Report Frequency	Gradient	Value	Comments
1.3.a	**Budget/Financial Reporting** All DOE budget and financial reports are submitted by the established due date in an accurate and complete manner. Included are Accelerated Financial Statement Reporting (quarterly and year end), FIS/MARS/STARS submissions, and all other financial reporting requirements. *Quarterly results will be provided. See attached gauge.* *Maximum annual points = 60.* *Maximum points per quarter = 15.*	Quarterly	Gauge	**58.2**	The vast majority of DOE reports were submitted by the established due date, in an accurate and complete manner. Reports Submitted On-Time, Accurately, and Complete** Reports Scheduled to be Submitted Actual calculation (23 + 23 + 17 + 20 = 83) 83 ÷ 85 = 97.6% FMPAM Gauge 97.6% actual = 58.2 points per gauge *Note:* The number of reports submitted on time has been increased for each quarter reflected above due to the Daily LOC Drawdown Report summarized and submitted monthly, not annually, as originally reported. All LOC drawdown monthly reports were submitted on time during the year. Therefore, the correction does not impact the score.
2.1.a	**Funds Control** Ensure costs are within B&R Obligational Control Levels (OCL) at the end of each monthly accounting period for DOE direct funding. *Monthly results will be provided each quarter.* *Maximum annual points = 300.* *Maximum points per month = 25.*	Quarterly	Meets	**300.0**	Costs were within B&R OCL levels at the end of each monthly accounting period for DOE direct funding for each month through September.
2.1.b	**Funds Control** Ensure that the sum of DOE direct-funded costs and commitments do not exceed available funds at the B&R OCL at year-end. Meets = 30 points at year-end.	Annual	Meets	**30.0**	At year end, the sum of DOE direct-funded costs and commitments did not exceed available funds at the OCL.

Measure	Activity	Report Frequency	Gradient	Value	Comments
2.2.a	**Effective Financial Control Process** The Office of the CFO demonstrates improved systematic financial controls to mitigate inappropriate financial transactions that may result in funding or cost issues. Meets = 150 points at year-end.	Annual	Meets	**135.0**	Berkeley Lab implemented the first phase of the new Budget System in August. The Budget System maintains integrated controls, mitigates errors and will allow the Divisions to access status reports on a daily basis. This will significantly enhance the Lab's ability to effectively monitor controls on costs and funding. Parallel testing is currently being conducted. The Laboratory continued to utilize the monthly B&R Status Report as a control to identify and flag B&Rs at the nine-digit level, if costs reached a level greater than 80% of funding. This is used a preventative measure to ensure awareness and provide the ability to make timely corrective actions. The Closing Follow-Up Report was another mechanism used to control funding and costs. This report identifies any potential overcosting issues and allows for appropriate proactive corrective action measures. Due to the Lab's concerted efforts to implement a new Budget System and the continuous controls to monitor financial controls, it is expected that this measure has been met for the year. When the new LBNL contract was awarded in April 2005, contract matters related to performance fee were subject to final determinations to be made in connection with the annual contract performance appraisal. These determinations were made by DOE through a process that concluded in the first quarter of FY06. In January 2006 it was discovered that LBNL had under accrued performance fee monies for Contract 98 and Contract 31. This occurred due to the change in terms between Contract 98 and Contract 31, and internal communication confusion regarding final versus provisional fee amounts. As a result, for the period October 1, 2004 through September 30, 2006, there was a potential shortfall under the contracts in the amount of $2,053,455.50. DOE accepted a University proposal to cover the shortfall with fee earned under Contract 98. A 15-point deduction has been taken for this measure as a result of this action. All internal parties are now communicating to ensure that the accrual and payment requirements for the new contract are understood and are being properly accrued.

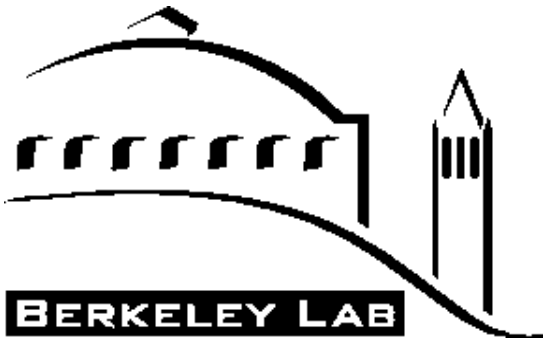
Measure	Activity	Report Frequency	Gradient	Value	Comments
3.1.a	**Training** Provide core financial management training to ensure knowledge of job content. A summary of activities supporting this measure will be provided. Maximum annual points = 100.	Annual	Gauge	**100**	The Financial Policy and Training Office prepared and delivered a comprehensive three day Core Financial Management Training certification course. The number of mandatory attendees exceeded the minimum Appendix B requirement of 30. To meet customer needs, two additional courses were developed to address payments of Non-Employee Stipends. One course was related to policy requirements and the other was designed to assist with the completion of required forms.

Measure	Activity	Report Frequency	Gradient	Value	Comments
4.1.a	**Financial Productivity and DOE Support** Ensure compliance with DOE system priorities and initiatives, including FMSIC support, the implementation of ePME, STARS and I-MANAGE. *A quarterly summary of activities supporting this measure will be provided.* *Maximum annual points = 100.* *Maximum points per quarter = 25.*	Quarterly	Meets	**100**	**DOE Standard Accounting and Reporting System (STARS)** The Laboratory effectively supported DOE STARS throughout the entire development and implementation stages. The STARS transmissions were consistently submitted to DOE accurately and on time enabling DOE to reconcile LBNL's data. The Laboratory also assisted DOE in their efforts to reconcile STARS to the Integrated Contractor balances. The OCFO responded to numerous requests for ad hoc reports and met with DOE Chicago to assist the STARS team. System modifications were implemented to comply with DOE's requirements and year-end allocations were created. **eBuy Purchasing System** In support of DOE's focus on integrating technology for efficient processes, the Laboratory successfully implemented a new electronic commerce ordering system for purchasing low-value catalog items. The eBuy system integrates with the Laboratory's PeopleSoft system and allows Laboratory personnel to directly purchase items from the supplier's catalog on the web. The system automatically creates a requisition and subsequent purchase order, which streamlines effectiveness and controls processing costs. **Field Budget Submission System (FBSs)** The Laboratory successfully built and utilized the FBSs system for the FY2008 Field Budget Call. The FBSs system was developed as an LBNL front-end to support the Office of Science transition to use of the ePMA proposal submission system for annual Budget Formulation purposes. Utilizing the eIDK upload capability in ePMA, the FBSs implementation reduced manual data entry and provided consistent appearance and functionality to LBNL users. This ensured that the first formal Budget Formulation exercise utilizing ePME was completed successfully and on time. **XML Invoicing Process** In conjunction with eBuy, the new XML invoicing process was also implemented this year which allows vendors to submit invoices electronically into PeopleSoft. This is another example of supporting DOE's efforts to employ technology to increase efficiency and streamline processing. **DOE Financial Management Systems Improvement Council (FMSIC)** The Laboratory continuously supported FMSIC to further explore methodologies and best practices in the development of business requirements, systems and standardization for efficiencies in budget and accounting processes.

* Any item not accomplished in a specified quarter will become part of the universe of the subsequent quarter to which it is carried over.

** Any item not accomplished in a specified quarter will become part of the universe of the subsequent quarter to which it is rescheduled. Any items not completed on schedule will be briefed to BSO during quarterly meetings. The rescheduling of such an item will be per agreement between the Laboratory and DOE.

***The scheduled number of "Required Personnel" to complete the Core Financial Management Course is 30.



Fiscal Year 2006

Performance Evaluation and Measurement Plan (PEMP)

Acquisition and Property Management Systems Balanced Scorecard Plans

Lawrence Berkeley National Laboratory

University of California Laboratory Management Office

Department of Energy - Berkeley Site Office

Prime Contract No. DE-AC02-05CH11231

Issued September 26, 2005
Revised December 16, 2005
Revised February 14, 2006

GENERAL

Lawrence Berkeley National Laboratory's (Berkeley Lab) Procurement and Property Management organizations have negotiated individual Balanced Scorecard Plans, provided herein as Exhibit I and Exhibit II, with the Department of Energy Berkeley Site Office (DOE BSO) and the University of California Laboratory Management Office (UCLMO) to measure the performance under DOE BSO's *FY2006 Performance Evaluation and Measurement Plan (PEMP), Objective 6.2, Provide an Efficient, Effective, and Responsive Acquisition and Property Management System(s)*.

SCORING

The Berkeley Lab will present data and analysis demonstrating their success in meeting the objectives and expectations of the Balanced Scorecard Plans. The following Table 1.0, the *Balanced Scorecard Model Index*, will be used to calculate an overall score for Objective 6.2. The methodology for calculating the Total Score is presented on the following page.

TABLE 1.0 - BALANCED SCORECARD MODEL INDEX

FINAL GRADE	TOTAL SCORE
A+	4.1 – 4.3
A	3.8 – 4.0
A-	3.5 – 3.7
B+	3.1 – 3.4
B	2.8 – 3.0
B-	2.5 – 2.7
C+	2.1 – 2.4
C	1.8 – 2.0
C-	1.1 – 1.7
D	0.8 – 1.0
F	0 – 0.7

SCORING METHODOLOGY

The following Table 2.0, *BSC to PEMP Scoring Conversion Table*, will be used to convert the points achieved under the Procurement and Property Management Balanced Scorecard Plans to a PEMP score.

The Procurement organization will use the total points achieved under Exhibit I, FY 2006 *Procurement Balanced Scorecard Protocol*, Attachment A.

The Property Management organization will use the total points achieved under Exhibit II, FY *2006 Property Balanced Scorecard Protocol*, Attachment B.

TABLE 2.0 - BSC TO PEMP SCORING CONVERSION TABLE

BSC TOTAL POINTS ACHIEVED	PEMP SCORE ACHIEVED
≥ 96.8	4.1 – 4.3
93.4 – 96.7	3.8 – 4.0
90.0 – 93.3	3.5 – 3.7
86.8 – 89.9	3.1 – 3.4
83.4 – 86.7	2.8 – 3.0
80.0 – 83.3	2.5 – 2.7
76.8 – 79.9	2.1 – 2.4
73.4 – 76.7	1.8 – 2.0
70.0 – 73.3	1.1 – 1.7
60.0 – 69.9	0.8 – 1.0
< 60.0	0 – 0.7

The PEMP score for each organization is weighted 50%. The sum of the weighted PEMP scores for each organization will equal the Objective 6.2, PEMP Score.

Objective 6.2 PEMP Score

Equals

Procurement Weighted PEMP Score + Property Management Weighted PEMP Score

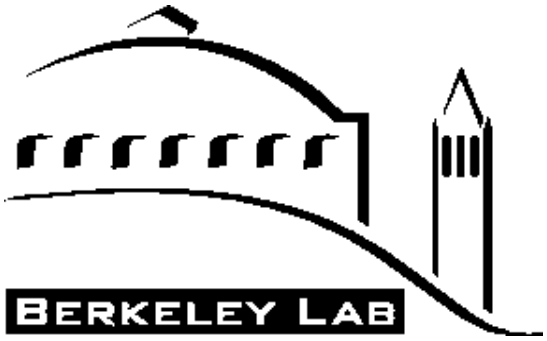
The following Table 3.0, shall be used to report the Objective 6.2 score.

Table 3.0 – PEMP Objective 6.2 Scoring Table

	PROCUREMENT PEMP SCORE	**PROPERTY MANAGEMENT PEMP SCORE**	**OBJECTIVE 6.2 PEMP SCORE**
SCORE	X.X	X.X	
WEIGHT	50%	50%	
WEIGHTED PEMP SCORE	X.X	X.X	X.X

EXHIBIT I

FY 2006 PROCUREMENT BALANCED SCORECARD PLAN



FISCAL YEAR 2006

Appendix B

Procurement

Balanced Scorecard Plan

Lawrence Berkeley National Laboratory

University of California Laboratory Management Office

Department of Energy - Berkeley Site Office

Prime Contract No. DE-AC02-05CH11231

Issued September 26, 2005
Revised December 16, 2005

Table of Contents

1.0 Introduction

As stated in the U.S. Department of Energy (DOE)'s Balanced Scorecard (BSC), the development and maintenance of acquisition cultures, systems, and processes that ensure a focus on results, while emphasizing integrity, fairness, competition, openness, and efficiency, is the desired end-state. Accordingly, the assessment approach designed to achieve this strategic goal, is the preferred measurement model, as opposed to the traditional Contractor Purchasing System Review (CPSR). Consistent with this strategy, as well as the Laboratory's Prime Contract, Section I, Clause I.114, "DEAR 970.5244-1 "CONTRACTOR PURCHASING SYSTEM (DEC 2000) (DEVIATION)," this Plan outlines the Fiscal Year 2006 Procurement System Self-assessment approach, objectives, and framework for the principals (or stakeholders) involved, which are the DOE Berkeley Site Office (BSO), the University of California (UC) Laboratory Management office, and the Ernest Orlando Lawrence Berkeley National Laboratory (Berkeley Lab or LBNL) Procurement department.

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Procurement Department
Ernest Orlando Lawrence Berkeley National Laboratory
(510) 486-6019

Mr. James S. Hirahara, Executive Director, Business & Finance
University of California Office of the President, Laboratory Management
(510) 987-0614

Ms. Maria C. Robles, Contracting Officer
Berkeley Site Office, U. S. Department of Energy
(510) 495-2552

Approval Date: 12/20/2005

It should be noted that any major changes in regulations, contract requirements, funding, or initiatives may require revisions to evaluation activities, measures, gradients, or desired outcomes. Such changes may require appropriate equitable adjustments to measurement points and concurrence by all stakeholders during the Fiscal Year.

2.0 Background Information

DOE Contractor:	Ernest Orlando Lawrence Berkeley National Laboratory
Prime Contract No.:	DE-AC02-05CH111231 (Management & Operating)
Points of Contact:	Mr. James S. Hirahara, Executive Director, Business & Finance, UCOP Laboratory Management Telephone Number: (510) 987-0614 Mr. Derrol Hammer, Procurement and Property Manager Telephone Number: 510-486-6019; and Ms. Renee Jewell, Policy & Assurance Manager Telephone Number: 510-486-4597
DOE Office:	Berkeley Site Office
DOE Contracting Officers:	Mrs. Maria C. Robles & Mr. Charles W. (Chuck) Marshall
Status of Purchasing System:	Approved
Approval Period:	1 June 2005 through 31 May 2010
Approval Threshold:	$5 Million (unless otherwise stated in Prime Contract)

3.0 Prior Assessments

Berkeley Lab Purchasing System Self-assessments and other BSC activities scheduled for Fiscal Year 2005 have been completed. Any improvement or corrective actions identified through these assessments have been addressed, completed, or are in the process of completion.

4.0 Customers

Differing from a commercial enterprise, Laboratory customers and stakeholders, as well as mission accomplishments, may take pre-eminence over strictly financial results, since Berkeley Lab is a nonprofit institution. However, as a public organization, Berkeley Lab has greater stewardship responsibilities and focus than private sector entities. The Procurement department customers consist of the Laboratory Program/Technical Division Scientists or Principal Investigators; the Administrators or Analysts; and the Technicians and Engineers, as the recipients of the purchased goods and services (internal customers).

The U.S. Department of Energy, Office of Science is regarded as a sponsor, stakeholder, and/or customer of the procurement business processes, with the University of California, Office of the President, bearing such identification, too.

In Fiscal Year 2006, as **Performance Measure 1.1.a.1**, the Laboratory will assess the degree of satisfaction with Procurement's ability to meet Internal Customer needs. Berkeley Lab will issue a five-question customer transactional survey (or questionnaire) in May 2006 that addresses the standard BSC performance measurement core response areas, which are: timeliness, quality, and communication practices. Respondents will be asked to provide "yes/no" answers to four questions in regards to these core response areas. In the fifth question, the Respondent will also be asked to supply one of three overall satisfaction ratings consisting of: "Unsatisfactory," "Satisfactory," or "Highly Satisfactory." A comment section is available for each survey question. In April, the survey format will be presented to both DOE and UC.

The formula below will be applied to determine the Procurement Customer Satisfaction Rating:

$$\text{Internal Customer Satisfaction Rating \%} = \frac{\text{Number of Satisfied Internal Customers (Requesters)}}{\text{Total Number of Internal Customers (Requesters) Responding to Survey}}$$

The following Gradients will be utilized:

Unsatisfactory	< 62.1% of customers responding to survey are satisfied.
Marginal	62.1% - 72.0% of customers responding to survey are satisfied.
Good	72.1% - 82.0% of customers responding to survey are satisfied.
Excellent	82.1% - 92.0% of customers responding to survey are satisfied.
Outstanding	> 92.0% of customers responding to survey are satisfied.

In Fiscal Year 2006, Berkeley Lab will only sample Internal Customers from the Self-Assessment File Review universe. The Self-Assessment File universe is randomly selected from a designated universe of transactions (such as the prior twelve months). Most Self-Assessment File Review random samples are stratified to ensure that a representative sampling from the low volume/high value end of the universe is selected. In general, the guidelines set forth in Section 4.600, "Audit Sampling," and Appendix B, "Statistical Sampling Techniques," of the U.S. Defense Contract Audit Agency (DCAA) Contract Audit Manual are applied in determining the appropriate error rate, confidence and precision levels, and sample size for each Self-Assessment review, using "EZ-Quant" or similar software.

5.0 Management of Internal Business Processes

5.1 Assessing Systems Operations (Effective Internal Controls). Effective Internal Controls (system evaluation) will be addressed under **Performance Measure 2.1.a.1**, "System Self-Assessment Program." The schedule of Self-Assessment activities is included in Berkeley Lab's letter dated September 21, 2005, entitled "Fiscal Year 2006 Procurement System Evaluation Schedule," previously presented to DOE and UC**.**

Berkeley Lab's goal, as always, is to apply a sound, thorough, systematic approach to risk-based self-assessment and address any remedial actions in a timely manner.

The Lab's letter dated September 21, 2005, establishes the Procurement Quality Index for the Procurement System Evaluation Measure. The following gradients will be applied to determine the rating:

Unacceptable	< 50.0
Marginal	50.0 – 61.9
Good	62.0 – 74.9
Excellent	75.0 – 87.9
Outstanding	≥ 88.0

5.2 Measuring Supplier Performance (Supplier Management/Strategic Sourcing). In keeping with the Laboratory's related objectives of providing excellent customer service, of ensuring cost-effective performance improvements while maintaining appropriate internal controls, and of promoting greater integration across the supply chain, Procurement's goal is to conduct business with reliable, competent subcontractors and suppliers, especially for mission-critical services and supplies. To satisfy this goal, Berkeley Lab introduced a revised Laboratory Supplier Management Program in Fiscal Year 2005, which addresses only subcontractors that provide critical commodities to the Lab. These subcontractors are appropriately named "Key" Suppliers. Berkeley Lab Key Suppliers are evaluated against established criterion-based measurement in four areas: Quality of Work; Timeliness of Performance; Cost Control; and Business Relations on an annual basis.

In Fiscal Year 2006, as **Performance Measure 3.1.a.1**, the Lab will track the Average of its Key Supplier Ratings, so the scoring for this Measure will be based on the "Total Average Points Achieved By the Lab Key Suppliers." The negotiated Gradients for the Measure are as follows:

Unsatisfactory	0 – 1.00
Marginal	2.00 – 2.99
Good	3.00 – 3.74
Excellent	3.75 – 4.49
Outstanding	4.50 – 5.00

Also evaluated here, as **Performance Measure 3.1.a. 2**, is **Key Supplier Timeliness of Deliveries**. The Target is: 84% of Key Suppliers are providing timely deliveries of goods and services.

These Suppliers will be evaluated through May 31, 2006, utilizing the Lab *"Customer Evaluation of Subcontractor's Performance"* Form Surveys, which will be due into Procurement's Small Business and Supplier Management Office by July 14, 2006. Results will be provided to DOE and UC in the Fiscal Year-End Report.

5.3 Measuring Effectiveness – Cycle Time (Acquisition Process). The average procurement Cycle-Time (days) will be measured against established targets for procurement transactions over $100,000.00, as well as procurement transactions equal to or under $100,000.00. The Lab's Cycle-Time Targets for Fiscal Year 2006 is: a range of twenty-seven (27) to thirty-two (32) days for transactions over $100,000.00; six (6) to nine (9) days for transactions equal to or under $100,000.00; and nine (9) to twelve (12) days for All Transactions (**Performance Measures 4.2.a.1, 4.2.a.2,** and **4.2.a.3**).

5.4 Measuring Effectiveness – Effective Utilization of Alternate Procurement Approaches. Berkeley Lab will measure its operational effectiveness in utilizing alternative procurement approaches, such as transactions placed by end-users and other rapid purchasing techniques, against benchmarks and industry standards. These alternative approaches encompass such transactions as Procurement Card transactions, Verbal Purchase Orders, Blanket Subcontract releases, as well as transactions placed through electronic commerce with

such subcontractors as the Laboratory's System Subcontractors (OfficeMax [formerly Boise Cascade], VWR, and Sigma Aldrich).

The percentage of transactions placed through **Rapid Purchasing Techniques** will be measured as **Performance Measure 4.2.a.4**. These types of transactions include procurement (or purchase) cards, long-term purchasing agreements (blankets), e-commerce, Just-In-Time (JIT)/System, Verbal (purchasing) Orders, Strategic Agreements and other Supplier Programs (e.g. DOE Integrated Contractor Purchasing Team [ICPT] Agreements). The negotiated Fiscal Year 2006 Target is: 90%.

For measuring effectiveness by the **Percent of Transactions Placed By End-Users,** the Laboratory will continue with the Target of: 40% of all procurement transactions placed by Users, for Fiscal Year 2006. This Performance Measure will be **4.2.a.5**.

5.5 Measuring Effectiveness – Effective Competition. The Laboratory will measure Effective Competition as a percentage of dollars obligated for transactions over $100,000.00, under **Performance Measure 4.2.a.6**. The subcontracting Competition Base will include all initial awards over $100,000.00, excluding only two types of transactions: subcontracts to an organizational affiliate of the Berkeley Lab (i.e., UC campus, UC laboratory), and "internal orders" for utility services. (This exclusion is based upon DOE Acquisition Guide, Chapter 41 – "Acquisition of Utility Services").

The Effective Competition negotiated Gradients are as follows:

Unsatisfactory	< 20.0% of dollars obligated for transactions over $100,000.00
Marginal	20.0% - 29.9% of dollars obligated for transactions over $100,000.00
Good	30.0% - 39.9% of dollars obligated for transactions over $100,000.00
Excellent	40.0% - 49.9% of dollars obligated for transactions over $100,000.00
Outstanding	≥ 50.0% of dollars obligated for transactions over $100,000.00

5.6 Measuring Effectiveness – Procurement Transactions Placed Through Electronic Commerce (EC). The Laboratory will continue to pursue EC opportunities. The following **Performance Measure 4.2.a.7** negotiated Gradients are as follows:

Unsatisfactory	< 10.0% of transactions placed through EC
Marginal	10.0% - 14.9% of transactions placed through EC
Good	15.0% - 19.9% of transactions placed through EC
Excellent	20.0% - 24.9% of transactions placed through EC
Outstanding	≥ 25.0% of transactions placed through EC

5.7 Socioeconomic Commitments (Good Corporate Citizenship Through Purchasing). Under **Performance Measure 5.1.a,** the Lab's percentage of socioeconomic subcontracting is measured and reported in accordance with Prime Contract Appendix H – "Small Business, Veteran-Owned Small Business, Service-Disabled Veteran-Owned Small Business, HUBZone Small Business, Small Disadvantaged Business, and Women-Owned Small Business Model Subcontracting Plan." The subcontracting Socioeconomic Base excludes only two types of transactions: subcontracts involving performance outside of the United States or its outlying areas and subcontracts to an organizational affiliate of the Berkeley Lab (i.e., UC campus, UC laboratory). The Fiscal Year 2006 Socioeconomic Goals, for year-end cumulative reporting, are as follows:

Small Business	41.30%
Small Disadvantaged Business	6.33%
Women-Owned Small Business	5.76%
HUBZone Small Business	2.22%
Service-Disabled Veteran-Owned Small Business	1.25%
Veteran-Owned Small Business	1.00%

In addition to the cumulative year-end subcontracting results, DOE evaluation of this Measure will include the assessment of Laboratory outreach efforts, as well as the consideration of any mandatory changes in regulations, contract requirements, funding, or initiatives and any anomalies that may have an adverse impact on Lab Socioeconomic Goal achievements.

6.0 Learning and Growth

6.1 Employee Satisfaction. During the third quarter, Procurement will conduct a written, anonymous climate survey of Laboratory Procurement employees relative to its purchasing systems and methods and use the results to create satisfaction ratings. The Survey Questionnaire will address core response areas in the Balanced Scorecard Performance Measurement and Management Program, including workload, tools, and equipment, management, and procurement ethics, for Fiscal Year 2006, as **Performance Measure 6.1.a.1.** In April, the survey format will be presented to both DOE and UC.

A one page written survey will be electronically sent to each Laboratory Procurement employee containing twelve survey statements (questions) covering topics relating to: Timeliness; Quality of Work Environment; Efficiency; Communications; Openness to Innovation; and Ethics. Employees will be asked to rate or score their degree of "agreement" with the twelve survey statements regarding the aforementioned topics (Timeliness, Quality of Work Environment, etc.), on a scale of "1" (Strongly Disagree) to "5" (Strongly Agree).

If an employee's average score for all twelve (12) statements has a Rating of "3" or higher, the employee will be considered "satisfied."

The formula below will be applied to determine the Procurement Customer Satisfaction Rating:

$$\text{Employee Satisfaction Rating \%} = \frac{\text{Number of Satisfied Employees}}{\text{Total Number of Employees Responding to Survey}}$$

The following Gradients will be utilized:

Unsatisfactory	< 60.0% of employees responding to survey are satisfied
Marginal	60.0% - 69.9% of employees responding to survey are satisfied
Good	70.0% - 79.9% of employees responding to survey are satisfied
Excellent	80.0% - 89.9% of employees responding to survey are satisfied
Outstanding	≥ 90.0% of employees responding to survey are satisfied.

6.2 Employee Alignment. Berkeley Lab will ensure that its Procurement employees' Performance Evaluation Plans are aligned with organizational goals and objectives. Procurement Managers and Supervisors will ensure that all employees are thoroughly familiarized with their responsibilities associated with the FY2006 Procurement Balanced Scorecard Plan as well as organizational goals and objectives throughout the year.

This is **Performance Measure 6.2.a.1**. The Target is: 98% of Procurement employees' Performance Evaluation Plans are aligned with organizational goals and objectives.

6.3 Measuring Availability of Information. As part of effective learning and growth, Berkeley Lab should make current information important to the successful performance of their procurement-related functions, readily available to its employees. The Laboratory will track, trend, and report the level of information available to Procurement employees. Information is

considered available if it is current or requires only minor revision and the information is in compliance with Prime Contract requirements.

This will be measured using the following formula:

$$\% = \frac{\text{Number of Information Resources Available to Employees}}{\text{Total Number of Information Resources Needed by Employees}}$$

The following formula shall be applied to measure the level of information availability for year-end reporting:

Level of Information Availability:

$$\frac{\text{Sum of Number of Reported Information Resources Available to Employees (End of 2nd Qtr. and 4th Qtr.)}}{\text{Sum of Number of Reported Information Resources Needed by Employees (End of 2nd Qtr. and 4th Qtr.)}}$$

The Gradients are as follows:

Unsatisfactory	< 85.0%
Marginal	85.0% - 87.9%
Good	88.0% - 90.9%
Excellent	91.0% - 93.9%
Outstanding	≥ 94.0%

This will be evaluated as **Performance Measure 6.3.a.1.**

6.4 Employee Training. For Fiscal Year 2006, the Laboratory will develop and deploy a new Procurement Employee Development and Training Program, by June 2006, under **Performance Measure 6.4.a.1**. The Plan describing the Program will be submitted to UC and DOE no later than July 5, 2006. The following Gradients will apply:

Outstanding	A sound systematic approach, fully responsive to all requirements of an Employee Development and Training Program (Management Development, Career Development, Basic Skills, Professional Skills, Technical Training, and Supervisory Skills) exists and is being employed as a key management tool. Entire Program is deployed without significant weaknesses or gaps.
Excellent	A sound systematic approach, responsive to the overall purposes of an Employee Development and Training Program exists and is a key management objective. The approach is well developed, may not be fully deployed, but has no major gaps.

Good	A sound systematic approach, responsive to the primary requirements of an Employee Development and Training Program exists. Program is developed, but some areas are not ready for deployment.
Marginal	A systematic approach to the primary purposes of an Employee Development and Training Program has begun. There is evidence that the Laboratory is in the early stages of a transition to the new Program. Some major gaps exist in deployment that would inhibit progress in achieving the primary purposes of a Development and Training Program.
Unsatisfactory	A systematic approach to the primary purposes of an Employee Development and Training Program does not exist. There is little evidence to show that the Laboratory has achieved even the early stages of a transition to a new Development and Training Program. The Program is not ready for deployment.

7.0 Financial

Cost-To-Spend Ratio. Under **Performance Measure 7.1.a.1**, Berkeley Lab will ensure optimum cost efficiency of purchasing operations. The Laboratory will compare its operating costs as a percentage of total procurement dollars obligated to benchmarking data and industry standards and establish goals and gradients accordingly. Performance will be rated using the following Gradients:

Unsatisfactory	> 3.50%
Marginal	3.50% – 3.25%
Good	3.24% – 3.00%
Excellent	2.99% – 2.75%
Outstanding	< 2.75%

8.0 Overall Scoring

Each Quarter will be individually scored and at Fiscal Year End, all four Quarters will be totaled for a cumulative score for each Performance Measure.

If Procurement fails to perform an activity, the scoring will be handled by either of the following methods: the Lab, UC, and DOE will determine an equitable way of adjusting the assigned points, or zero points will be earned if an activity is not performed during the Fiscal Year. If, through no fault of Procurement, an activity is not performed, the points will be redistributed to another measure or measures, as negotiated among the parties (Lab, UC, and DOE).

The total earned points for each Performance Measure/Activity are combined to arrive at the overall Fiscal Year Score for the Procurement department. As specified in the Matrix Table (**Attachment A**, included with this document), 100 points are available to Procurement. The points are distributed to the following perspectives:

P E R S P E C T I V E	P O I N T S
Customer Satisfaction	15
Management of Internal Business Processes (Assessing Systems Operations [System Self-Assessment Program]; Measuring Effectiveness [Acquisition Process or Cycle-Time, Alternate Procurement Approaches, Effective Competition, Electronic Commerce; Measuring Supplier Performance [Supplier Management/Strategic Souring]; and Socioeconomic Commitments).	55
Learning and Growth (Employee Satisfaction; Employee Alignment; Measuring Availability of Information; and Employee Training).	25
Managing Financial Aspects (Cost-To-Spend Ratio)	5
TOTAL	**100**

9.0 Reporting

Designed to document the performance level of the most current reporting period, there is a Matrix Table included as **Attachment A**. Measurement and scoring are ongoing through this Matrix Table, but Quarterly Reports, as well as Meetings, regarding the aforementioned Performance Measures results will also serve as supportive, communication conduits among the Laboratory, DOE and UC.

ERNEST ORLANDO LAWRENCE BERKELEY NATIONAL LABORATORY
FY 2006 PROCUREMENT BALANCED SCORECARD (BSC)

	Performance Measures/Measured Activities	Gradient 60/70/80/90/100	Activity Value	Activity Score	Criteria	Total Points for Activity	Performance Objectives	
	Customer							
1.1.a	**Customer Satisfaction Rating**							
1.1.a.1	% of satisfied customers (using transactional surveys)	<62.1/62.1/72.1/82.1/>92.0	15		Customer Feedback	15	Customer Satisfaction 15	
	Internal Business Processes							
2.1.a	**Assessing Systems Operations**							
2.1.a.1	System Self-Assessment Program	Average of File Scores <50.0/50.0/62.0/75.0/≥88.0	30		Systems Evaluation	30		
3.1.a	**Measuring Supplier Performance**							
3.1.a.1	Supplier Management/Strategic Sourcing	Average of Supplier Survey Scores <2.00/2.00/3.00/3.75/≥4.50	10		Measuring Supplier Performance	10		
3.1.a.2	Key Supplier Timeliness of Deliveries	Target ≥84%	0					
4.1.a	**Measuring Effectiveness**							
4.2.a.1	Average Cycle Time (Days), Transactions > $100K	Target 27 - 32	0	N/A				
4.2.a.2	Average Cycle Time (Days), Transactions ≤ $100K	Target 6 - 9	0	N/A				
4.2.a.3	Average Cycle Time (Days), Overall	Target 9 - 12	0	N/A				
4.2.a.4	% of transactions placed through Rapid Purchasing Techniques	Target 90%	0	N/A	Pursuing Best Practices	10	Management of Internal Business Processes 55	
4.2.a.5	% of transactions placed by end-users	Target 40%	0	N/A				
4.2.a.6	% of transactions placed through Effective Competition	<20.0/20.0/30.0/40.0/≥50.0	5	N/A				
4.2.a.7	% of transactions placed through E-commerce	<10.0/10.0/15.0/20.0/≥25.0	5	N/A				
5.1.a	**Socioeconomic Commitments**							
	Small Business Concerns (% of awards in the following categories)		5		Socioeconomic Subcontracting	5		Overall Procurement Assessment
	Small Business	≥41.30%						
	Small Disadvantaged Business	≥6.33%						
	Women-Owned Small Business	≥5.76%						
	HUBZone Small Business	≥2.22%						
	Service-Disabled Veteran-Owned Small Business	≥1.25%						
	Veteran-Owned Small Business	≥1.00%						
	Learning and Growth							
6.1.a	**Employee Satisfaction Rating**							
6.1.a.1	% of satisfied employees (using climate surveys)	<60.0/60.0/70.0/80.0/≥90.0	10		Employee Feedback	10		100 Points
6.2.a	**Employee Alignment**							
6.2.a.1	% of aligned employees	Target 98%	0	N/A				
6.3.a	**Measuring Availability of Information**							
6.3.a.1	% of information items available compared to information items needed	<85.0/85.0/88.0/91.0/≥94.0	5		Measuring Availability of Information	5	Learning and Growth 25	
6.4.a	**Employee Training**							
6.4.a.1	Employee Training Program Plan Development and Deployment	Evaluation of Plan and Reporting of Deployment	10		Provide Employees With Training, Skills, and Tools	10		
	Financial							
7.1.a	**Cost to Spend Ratio**							
7.1.a.1	% of purchasing organization cost compared to total procurement obligations	>3.50/3.50/3.24/2.99/<2.75	5		Process Cost	5	Managing Financial Aspects 5	

EXHIBIT II

FY 2006 PROPERTY MANAGEMENT BALANCED SCORECARD PLAN

Fiscal Year 2006

Appendix B

Property Management

Balanced Scorecard Plan

Lawrence Berkeley National Laboratory

University of California Laboratory Management Office

Department of Energy - Berkeley Site Office

Prime Contract No. DE-AC02-05CH11231

Issued September 16, 2005
Revised February 14, 2006

1.0 Introduction

The Property Management Balanced Scorecard (BSC) is a single, comprehensive instrument designed to provide systematic, ongoing measurement and evaluation of the LBNL property management system.
The Property Management Functional Managers from the Lawrence Berkeley National Laboratory (LBNL), the Department of Energy (DOE) Berkeley Site Office, and the University of California Laboratory Management Office (UCLMO) have agreed to use the BSC, according to the methodology described herein, for the FY 2006 evaluation of Contract No.: DE-AC02-05CH11231, Appendix B "Performance Evaluation Measurement Plan".

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Approval Date: 2/14/2006

2.0 Background

The BSC measures consistency with the fiduciary responsibilities outlined in Contract 31, provides a framework for understanding and meeting customer expectations, and highlights the balance between performance and cost. It emphasizes the overall goal that cost, quality, and cycle time must be simultaneously improved.

The model is intended to be used as a single-assessment vehicle. It incorporates the underlying objectives and/or values of the Contractor Personal Property System Review (CPPSR), the DOE Balanced Scorecard, and the Contract 31, Appendix B, Performance Evaluation Measurement Plan.

Changes in regulations or requirements, decreases in funding, or new initiatives may require modifications to measured activities, core measures, gradients, and desired outcomes. Such modifications will require agreement by all stakeholders during the assessment period.

3.0 Customers

The primary internal customers of the LBNL Property Management system are the Division Property Representatives and Property Coordinators. The Principal Investigators are our external customers. DOE is the Laboratory's Primary stakeholder.

The Property Management System supports the scientific mission of the Laboratory by ensuring that the acquisition, control, identification, and utilization of personal property benefit researchers, the Laboratory, and taxpayers.

4.0 Matrix Overview

The BSC is comprised of a matrix in table format that is designed to document the performance level of the most current reporting period. Measurement and scoring are ongoing and LBNL, DOE, and UCLMO can access the quarterly performance scores at anytime during the assessment period in order to measure the health of the property system. Frequent and visible reporting allows for quick intervention. The quarterly reporting will serve as a key component of the DOE Operational Awareness Program. The results will be officially reported to DOE as requested.

The matrix is based upon the principles of the Balanced Scorecard. The scorecard provides feedback on both internal business processes and outcomes to assist in continually improving the work processes and the resulting products delivered. It emphasizes the measurement of critical activities where outcomes may have immediate impact on customers. It places less emphasis on the measurement of activities where outcomes may have a delayed impact on customers.

The BSC matrix (as shown in the Attachment B) is designed to evaluate performance within the context of four major perspectives. These perspectives are:

Customer

Internal Business

Learning and Growth

Financial

These perspectives are then subdivided into specific performance measures. They are:

CUSTOMER PERSPECTIVE:

Effective Service/Partnership

- External Customer Satisfaction
- Internal Customer Satisfaction
- Accuracy of and Consent to Property Assignments

INTERNAL BUSINESS PERSPECTIVE

Effective Life Cycle Management

- Asset Accountability (Equipment / Sensitive)
- Equipment Utilization (Discretionary / Essential)
- Excess Processing

Use of Information Technology

- On-Line Sales

Purchase Card Acquisitions

- Recording Timeliness of Database Recording

Subcontractor Held Property

- Identified and Tracked

LEARNING and GROWTH PERSPECTIVE

Employee Alignment

- Training
- Individual Development Plans
- Annual Performance Reviews

FINANCIAL PERSPECTIVE

Cost Efficiency

- Baseline Major Processes
- Improve Efficiency Trend of Targeted Processes

Fleet Composition

- SUV Off-Road Use

Petroleum Requirements

- Reduction in Usage

5.0 Measurement of Scoring Methodology

5.1 Measurement

Methods of measurement for the core elements were determined based on a cost/benefit analysis. Statistical sampling will be employed where it will provide a cost benefit, while assuring accuracy and precision of results commensurate with the specific measure.

5.2 Target

DOE Headquarters has identified national targets for the balanced scorecard measures.

5.3 Point Value

LBNL, DOE, and UCLMO established a consensually acceptable point value for each measure. The range in point value is from 0 to 10 per measure. It is necessary for the Laboratory to meet the target for each measure to earn the points for that measure or sub-measure, as defined on Attachment A. The points are distributed to the following perspectives:

PERSPECTIVE	POINTS
Customer	20
Internal Business	62
Learning and Growth	4
Financial	14
TOTAL	**100**

An overall adjectival rating will be assigned based on the total points earned.
The following table will be applied:

ADJECTIVAL RATING	TOTAL POINTS EARNED
Outstanding	≥90
Excellent	80-89
Good	70-79
Marginal	60-69
Unsatisfactory	<60

If the Laboratory fails to perform an activity, the scoring will be handled by either of the following:

- If LBNL, DOE, and UCLMO agree in advance not to perform the activity, the three parties will determine an equitable way of adjusting the assigned points.
- Zero points will be earned if an activity is not performed during the FY. If, through no fault of the Property Management organization, an activity is not performed, the points will be redistributed to another measure or measures as negotiated with DOE and UCLMO.

5.4 Overall Scoring

The total earned points for each core measure/critical activity are added together to arrive at the overall score for the organization. One hundred (100) points are available as specified in Attachment A.

6.0 Scoring Methodology

The BSC scoring methodology describes the process used to establish the individual performance measure results. Attachment B – FY 2006 BSC Scoring Methodology describes the mathematical approach used to calculate the results. This document also explains the criteria for establishing the numerator and denominator values.

7.0 Reporting

Quarterly reports will be submitted to DOE, following coordination with UCLMO. These reports will include necessary narrative, the overall score, and the numerical scores for each core measure; the supporting activity score for each measured activity; and required supporting documentation. Supporting documentation may be a narrative report, graph, chart, or spreadsheet.

The Property Team (LBNL, DOE, and UCLMO) will meet as required to coordinate on issues.

LBNL Property Management will provide “as-needed” debriefings to DOE and UCLMO on critical accomplishments, such as property inventory results.

Attachment A

Scoring Measures

CUSTOMER PERSPECTIVE

1.0 External Customer Satisfaction – Laboratory Property Custodians

The External Customer Satisfaction survey will capture responses from Laboratory property custodians soon after they have interacted with the property management staff in a number of defined transactions:

(1) Establishing a Borrow Agreement, (2) Requesting a new loan be established,
(3) Requesting an Off-Site Control file, or (4) Changing an asset location or custodian.

Property Management will implement both a new web-based survey in a methodology which is in a straightforward, user-friendly format as well as employ a direct telephone survey as the Laboratory has used in the past. Each transaction-resolution email will include a link to an online, anonymous survey, except for the survey of Borrow related transactions, which will be performed via the phone. The web-based approach has already been modeled successfully by the laboratory computer services as a means to poll the greatest number of customers. The anonymous responses can be viewed and easily interpreted by Property Management. The survey will include a check box to identify the basis for the survey, i.e., Loan, Off-Site Control, etc. Our effort aims to survey an average of 10 custodians per month to reach the annual goal of 120. The actual number each month will be dependent upon the level of activity initiated by custodians. This methodology will be reviewed at the end of the 1st Quarter to determine whether the approach should be modified to ensure that an appropriate number of responses will be received.

The questions will be based on three criteria: Timeliness, Quality, and Partnership. Responders will be asked to grade the service in these areas based on a 1 (low) to 5 (high) scoring methodology. An average score per survey of 3 or better on the 5 point scale will indicate a satisfied customer. The formula to calculate the overall external customer satisfaction rating will be:

External Customer Satisfaction Rating % =	Number of Satisfied Property Custodians
	Total Number of Property Custodians Responding to Survey

Measure: Extent that external customers are satisfied with specific personal property products and services.

Target = 80% If target is met, the Laboratory will earn 5 points.

2.0 Internal Customer Satisfaction – Property Representatives and Property Coordinators

All Laboratory Property Representatives and Property Coordinators, having been defined as internal customers, will be requested to respond to a survey, prepared and tabulated by the Property Management Advisory Board, during the third quarter of the fiscal year. The survey will be based on questions relating to communication, database functionality, and efficiency, using the three factors of Timeliness, Quality, and Partnership as key criterion. Advisory Board personnel will be requested to grade these areas based on a 1 (low) to 5 (high) scoring methodology. An average score per survey of 3 or better on the 5 point scale will indicate a satisfied customer. The formula to calculate the overall internal customer satisfaction rating will be:

Internal Customer Satisfaction Rating % =	Number of Satisfied Property Representatives and Property Coordinators
	Total Number of Property Representatives and Property Coordinators Responding to Survey

Measure: Extent that internal customers are satisfied with specific personal property products and services.

Target = 80% If target is met, the Laboratory will earn 5 points.

3.0 Accuracy of and Consent to Sensitive Property Assignments.

The Laboratory will utilize the inventory validation population to verify the accuracy of custodian assignments. The sample will be comprised of approximately 90 property assets, both equipment and sensitive, to achieve a 95% confidence level. Property Management will identify the custodian of record for each property asset in the sample. An e: mail will be sent to each custodian identifying the asset(s) assigned to them appearing in the sample, and ask them to respond indicating the assignment is in fact accurate or that it is not accurate.

% =	Number of sampled sensitive assets selected that are accurately assigned to custodians
	Total number of sensitive assets selected during the property review

Measure: Percent of sampled sensitive items confirmed by the accountable individual as being properly assigned.

Target = 98% If target is met, the Laboratory will earn 5 points.

4.0 Accuracy of and Consent to Equipment Property Assignments.

The Laboratory will utilize the inventory validation population to verify the accuracy of custodian assignments. The sample will be comprised of approximately 90 property assets, both equipment and sensitive, to achieve a 95% confidence level. Property Management will identify the custodian of record for each property asset in the sample. An e: mail will be sent to each custodian identifying the asset(s) assigned to them appearing in the sample, and ask them to respond indicating the assignment is in fact accurate or that it is not accurate.

% =	Number of sampled equipment items selected that are accurately assigned to custodians
	Total number of equipment items selected during the property review

Measure: Percent of sampled equipment items confirmed by the individual as being properly assigned.

Target = 98% If target is met, the Laboratory will earn 5 points.

INTERNAL BUSINESS PERSPECTIVE

5.0 Inventory of Equipment Property (Acquisition Cost)

In FY 2006, the Laboratory will perform an inventory consisting of three populations:

- A statistical sample of Laboratory equipment.
- All assets located at home.
- All assets with an acquisition value equal to or greater than $500,000.

% =	Acquisition cost of equipment property assets inventoried and accounted for
	Acquisition cost of the equipment property assets in inventory

Measure: Percent of equipment property inventory located during physical inventory by acquisition cost.

Target = 99% If target is met, the Laboratory will earn 9 points.

6.0 Inventory of Equipment Property (Items)

In FY 2006, the Laboratory will perform an inventory consisting of three populations:

- A statistical sample of Laboratory equipment.
- All assets located at home.
- All assets with an acquisition value equal to or greater than $500,000.

% =	Number of equipment assets inventoried and accounted for
	Number of equipment assets in the inventory

Measure: Percent of equipment property inventory located during physical inventory by items.

Target = 98% If target is met, the Laboratory will earn 9 points.

7.0 Inventory of Sensitive Property (Acquisition Cost)

In FY 2006, the Laboratory will perform an inventory consisting of two populations:

- A statistical sample of Laboratory sensitive assets.
- All assets located at home.

% =	Acquisition cost of sensitive property assets inventoried and accounted for
	Acquisition cost of the sensitive property assets in inventory

Measure: Percent of sensitive property inventory located during physical inventory by acquisition cost.

Target = 99% If target is met, the Laboratory will earn 9 points.

8.0 Inventory of Sensitive Property (Items)

In FY 2006, the Laboratory will perform an inventory consisting of two populations:

- A statistical sample of Laboratory sensitive assets.
- All assets located at home.

% =	Number of sensitive assets inventoried and accounted for
	Number of sensitive assets in the inventory

Measure: Percent of sensitive property inventory located during physical inventory by items.

Target = 98% If target is met, the Laboratory will earn 9 points.

9.0 Discretionary Vehicle Utilization

Reports prepared by the Fleet Manager will be used to calculate and report the "total utilization measured" and "overall utilization standard" for the discretionary vehicle classification. The FY 2006 standard for discretionary vehicles is 225 miles per month per vehicle. Results will be reported quarterly using the following formula. The year-end rating will be based on cumulative results.

% =	Total monthly mileage for all discretionary vehicles
	Required average monthly mileage per discretionary vehicle x the number discretionary vehicles

Measure: Percent of discretionary motor vehicles meeting utilization standards and objectives.

Target = 90% If target is met, the Laboratory will earn 5 points.

10.0 Essential Vehicle Utilization

Fleet Manager reports will be used to calculate and report the "total utilization measured" and "overall utilization standard" for the essential vehicle classification. The FY 2006 standard for essential vehicles is 225 miles per month per vehicle. Results will be reported quarterly using the following formula. The year-end rating will be based on cumulative results.

% =	Total monthly mileage for all essential vehicles
	Required average monthly mileage per discretionary vehicle x the number essential vehicles

Measure: Percent of essential motor vehicles meeting utilization standards and objectives.

Target = 90% If target is met, the Laboratory will earn 5 points.

11.0 Excess Processing

During FY 2005, the Laboratory declared excess and disposed of 1891 property assets within the 180 day criteria establishing a baseline, as required by this measure, for determining future improvement. The target for determining successful performance against this measure in FY 2006 is whether the

Laboratory can increase the number of assets disposed of within the 180 day criteria by 8 percent over the level achieved in FY 2005.

The Laboratory will determine the population size for all disposal actions completed within the 180 day criteria and compare it to the baseline established in FY 2005. The measure will be based on determining whether the percentage increase in disposal actions from FY 2005 to FY 2006 is 8 percent or greater.

% =	Number of assets disposed of within 180 days in FY 2006- Number of assets disposed of within 180 days in FY 2005
	Number of assets disposed of within 180 days in FY 2005

Measure: Increase the number of assets disposed of within the 180 criteria by 8 percent over the baseline established in FY 2005.

Target = 98% If target is met, the Laboratory will earn 3 points.

12.0 Information Technology

The Excess Group established a process for selling surplus items via “on line” sales. The two types of assets the Laboratory will use for on-line sales will be machine tools and vehicles.

The FY 2005 performance of two items sold “on-line” will be used as the baseline. The two-year goal (FY 2006 – FY 2007) is to increase the number of “items” sold “on-line” by 10% per year when compared with prior year on-line sales. For FY2006, more than two items must be sold “on-line” to earn points. If more than two items are sold “on-line”, the following formula will be used to calculate the percent increase.

% Change =	Number of items* sold “on-line” *(current year – prior year)
	Total number of items* sold on-line during prior year

* Asset categories selected for FY 2006 are machine tools and vehicles.

Measure: Percent of surplus items sold using "on line" sales media during the year.

Target = Increase percentage of on-line sales achieved in FY 2005 by 10% or more. If target is met, the Laboratory will earn 3 points.

13.0 Purchase Card Acquisitions

The Laboratory will ensure that assets acquired via a Purchase Card are recorded in the property and financial database. The Laboratory policy is not to permit the acquisition of sensitive or controlled property via the Purchase Card. However, on occasion, exceptions are made requiring the Property Manager’s approval. Property Management has established a methodology for tracking these exceptions with Procurement and Receiving and will report performance each quarter. This measure will be scored on whether or not those exceptions are processed in a timely manner (72 hours of receipt of property).

% =	Number of personal property items acquired via purchase card that were recorded into the property and financial databases within 72 hours
	Total number of personal property items acquired via purchase card

Measure: Percent of personal property acquired via purchase card is recorded in the property and financial databases within 72 hours of receipt of property.

Target = 98% If target is met, the Laboratory will earn 3 points.

14.0 Subcontractor-Held Property

The goal of this measure is to ensure that subcontractor-held personal property is recorded in the Laboratory's property management system. Assets may be provided as Government Furnished Property (GFP) or as Subcontractor Acquired Property (SAP). GFP and SAP assets are both included relative to this performance measure. Berkeley Laboratory's Property Management organization tracks and controls GFP and SAP based on notification from Procurement who is responsible for providing copies of the subcontract. Property Management will submit a request to all known subcontractors, with GFP or SAP, requesting they provide documentation verifying the GFP or SAP under their control. Property will ensure applicable equipment and sensitive assets are identified in the property database. Property Management does not review invoices from subcontractors.

% =	Number of subcontractor-held bar-coded assets inventoried by subcontractors - Those not recorded in the Laboratory property database
	Number of subcontractor-held bar-coded assets inventoried by subcontractors

Measure: Percent of subcontractor-held property is identified in the contractor's property inventory database upon review of invoices and/or schedule inventories.

Target = 98% If target is met, the Laboratory will earn 7 points.

LEARNING AND GROWTH PERSPECTIVE

15.0 Employee Alignment – Training

Employee training encompasses two categories of Laboratory employees. The employees are either matrixed staff members who support the decentralized property management function in the Divisions or the core Property Management professional staff.

The Property Management office will provide structured, scheduled training on a variety of property related subjects to the Divisional matrixed staff members that support BSC objectives. In addition, the core Property Management professional staff will participate in scheduled training that supports the BSC objectives. The training may be offered on-site, off-site, and through external institutions and/or associations such as the National Property Management Association.

% =	Number of personal property core professional staff and staff matrixed to Divisions that completed scheduled training supporting BSC objectives
	Total number of personal property professional staff and staff matrixed to Divisions

Measure: Percent of scheduled training, supporting BSC objectives, completed by personal property management employees during the period.

Target = 90% If target is met, the Laboratory will earn 1 point.

16.0 Employee Alignment – Individual Development Plan

Individual Development Plans will be included in the annual Performance Evaluations of all Property Management staff. These Development Plans will be based on the BSC objectives.

% =	Number of personal property professional staff with an individual development plan based on BSC objectives
	Total number of personal property professional staff

Measure: Percent of personal property professional staff with an individual development plan based on BSC objectives.

Target = 90% If target is met, the Laboratory will earn 2 points.

17.0 Employee Alignment – Performance Evaluation

The Property Management professional staff will be given an annual performance evaluation which will include measurement against BSC objectives.

% =	Number of personal property professional staff that have an annual review of performance against on BSC objectives
	Total number of personal property professional staff

Measure: Percent of personal property professional staff that received an annual review of performance against BSC objectives.

Target = 90% If target is met, the Laboratory will earn 1 point.

18.0 Optimum Cost Efficiency

During FY 2006, the Laboratory will begin reengineering the Personal Property Management function. The effort will identify opportunities for improved efficiencies, increased quality, and reduced costs in processes and performance. The Laboratory will document and report on such opportunities and on instances where implementation has begun and/or results have been achieved during the fiscal year.

Measure: Evaluation of the Property Management function and identification of process improvements.

Target = Identify, develop, document, and where possible implement opportunities for improvements. If target is met, the Laboratory will earn 10 points.

FINANCIAL PERSPECTIVE

19.0 Fleet Composition

The goal of this measure is to ensure that for each non-law enforcement sport utility vehicle (SUV) the number of trips made that required driving on other than normal road conditions is compared with the total number of trips the SUV made.

NOTE: Berkeley Lab only has four SUV's; three are used by Security and one for Emergency Services. Therefore, no points were assigned to this measure and no points may be earned.

20.0 DOE Fuel Reduction Requirement

In comparison to Berkeley Lab's FY 1999 petroleum consumption level, the Laboratory will demonstrate a significant improving trend in reducing the net petroleum consumption, and by FY 2008 the Laboratory will achieve at least 20% petroleum consumption reduction.

% =	FY 2006 Petroleum Consumption level
	FY 1999 Petroleum Consumption level

Measure: Percent of reduced petroleum consumption within entire motor vehicle fleet, as compared with FY 1999 petroleum consumption levels.

Target = 20% Reduction If target is met, the Laboratory will earn 4 points

ATTACHMENT B
FY2006
BERKELEY LAB
BALANCED SCORECARD

#	REF	OBJECTIVE	CM #	CORE MEASURES	CORE ELEMENTS	TARGET	POINTS AVAILABLE	POINTS EARNED
				Customer Perspective				
1	B-12	**EFFECTIVE SERVICE/PARTNERSHIP** (i.e., responsiveness, cooperation, quality, timeliness, and level of communication.	1-a	External customer satisfaction: Extent that external customers are satisfied with specific personal property products and services.	TIMELINESS: Extent of external customer satisfaction with the timeliness of specific personal property products and services or percent of products and services that were delivered to external customers in a timely fashion.	80%	5	
			1-b		QUALITY: Extent of external customer satisfaction with the quality of the information and services provided or percent of products and services that met external customers' quality expectations.			
			1-c		PARTNERSHIP: Extent of external customer satisfaction with the responsiveness , cooperation, and level of communication with the personal property office.			
2	B-13		2-a	Internal customer satisfaction: Extent that internal customers are satisfied with specific personal property products and services.	TIMELINESS: Extent of internal customer satisfaction with the timeliness of specific personal property products and services or percent of products and services that were delivered to internal customers in a timely fashion.	80%	5	
			2-b		QUALITY: Extent of internal customer satisfaction with the quality of specific personal property products and services or percent of products and services that met internal customers' quality expectations.			
			2-c		PARTNERSHIP: Extent of internal customer satisfaction with the responsiveness , cooperation, and level of communication with the personal property office.			
3	B-14		3-a	Accuracy of and consent to property assignments (internal): Percent of sampled property items confirmed by the accountable individual or organization as being properly assigned.	Percent of sampled sensitive items confirmed by the accountable individual or organization as being properly assigned .	98%	5	
4			3-b		Percent of sampled equipment items confirmed by the accountable individual or organization as being properly assigned .	98%	5	
				Internal Business Perspective				
5	B-22	Effective Life Cycle Management of Assets to Meet Departmental Missions	1.-a	Asset Accountability: Percent of equipment and sensitive property subject to physical inventory located during inventory.	Percent of equipment property inventory located during physical inventory by acquisition cost.	99%	9	
6					Percent of equipment property inventory located during physical inventory by items.	98%	9	
7					Percent of sensitive property inventory located during physical inventory by acquisition cost.	99%	9	
8					Percent of sensitive property inventory located during physical inventory by items.	98%	9	
9	B-23		2-a	Equipment Utilization: Percent of equipment meeting Federal or local utilization standards or objectives.	Percent of discretionary motor vehicles meeting utilization standards and objectives.	90%	5	
10					Percent of essential motor vehicles meeting utilization standards and objectives.	90%	5	
11	B-24		3-a		Percent of increase in the volume of items reported excess and disposed of within 180 days as compared with the previous cycle.	8%	3	
12		Use of Information Technology to Improve Asset Management Performance	2-a		Percent of surplus items sold using "on line" sales media during the year.	10% per year for two years	3	
13		Ensure that personal property acquired via purchase card is recorded in the property and financial management systems.	3-a	Personal property is not allowed to be purchased with a Purchase Card, unless an exception is granted by the Property Manager.	Percent of personal property acquired via purchase card is recorded in the property and financial databases within 72 hours of receipt of property.	98%	3	

ATTACHMENT B
FY2006
BERKELEY LAB
BALANCED SCORECARD

#	REF	OBJECTIVE	CM #	CORE MEASURES	CORE ELEMENTS	TARGET	POINTS AVAILABLE	POINTS EARNED
14		Ensure that subcontractor held personal property is recorded in the contractor's property management system.	4-a		Percent of subcontractor-held property that is identified in the contractor's property inventory database upon review of invoices and/or scheduled inventories.	98%	7	
				Learning and Growth Perspective				
15	B-33	Employee Alignment	2-a	Employee Alignment: Percent of property management employees having performance expectations and training requirements that respond to BSC objectives.	Percent of scheduled training, supporting BSC objectives, completed by personal property management employees during the period.	90% scheduled training completed	1	
16			2-b		Percent of personal property professional staff with an individual development plan based on BSC objectives.	90% of personal property professional staff have individual development plans.	2	
17			2-c		Percent of personal property professional staff that received an annual review of performance against BSC objectives.	90% of personal property professional staff receive annual performance reviews	1	
				Financial Perspective				
18	B-38	Optimum Cost Efficiency of Property Management Operations	1-a	Evaluation of the Property Management function and identification of process improvements.		Identify, develop, document and implement opportunities for improvements.	10	
19		Ensure the fleet is comprised of vehicles needed to meet the site's mission and still achieve maximum economy and efficiency.	2-a	By each non-law enforcement sport utility vehicle (SUV), compare the number of trips made that required driving on other than normal road conditions with the total number of trips the SUV made.	Note: All SUV's at LBNL are used by either Security or Emergency Services organizations.	N/A	0	
20		Ensure DOE meets the reduction of petroleum consumption requirement of Executive Order 13149.	3-a	The percent of reduced petroleum consumption within entire motor vehicle fleet, as compared with FY 1999 petroleum consumption levels.		As compared with FY 1999 petroleum consumption levels, for FY 2006, demonstrate a significant improving trend in reducing the net petroleum consumption, and by FY 2008 achieve at least 20 % petroleum consumption reduction.	4	
						TOTAL POINTS	**100**	

SCORING STRUCTURE:
90-100 Points = Outstanding
80-89 Points = Excellent
70-79 Points = Good
60-69 Points = Marginal
<60 Points = Unsatisfactory

Ernest Orlando Lawrence Berkeley National Laboratory

Fiscal Year 2006

PROCUREMENT BALANCED SCORECARD REPORT

In Compliance With

Prime Contract DE-AC02-05CH11231
Section J, Appendix B
Performance Evaluation Measurement Plan

October 27, 2006

Score – 97.0%

Balanced Scorecard Overall Results

The following summary report provides supporting data, analysis, and trending information related to the FY 2006 Procurement Balanced Scorecard activities through September 30, 2006. Attached to this report as Exhibit I, is the *Fiscal Year 2006 Procurement Balanced Scorecard* "Gauge" that shows the final activity scores.

Major Accomplishments

Risk-based Self-Assessment System: In Fiscal Year 2006, Berkeley Lab continued the program established in FY 2005 of conducting Procurement System Evaluations to measure the effectiveness of its purchasing system and internal controls to ensure compliance with applicable contractual, statutory, regulatory, policy, and procedural requirements. Risk-based self-assessments were performed of purchase order, subcontract, and agreement transactions, and of the procurement transactions of the Distributed Purchasing Unit (DPU). Pre-award reviews were conducted through Contract Review Boards (CRB) in accordance with Standard Practice 4.9. *Contract Review Board*. Pre-award supervisory reviews were performed for all awards and modifications exceeding subcontract administrator authority.

Scoring for this measure is based on the average file scores from two Random Sample Post- Award Reviews: Low Value Purchases (Score 96.7) and High Value Subcontracts (Score 95.3). The average file score from each review was multiplied by its ratio to the total number of transaction samples and then added together for an overall score. The resulting score is 96.1 and earns the Laboratory an "Outstanding" rating.

Socioeconomic: The percentage of dollars awarded by the Laboratory to small businesses exceeded goals in four of the six socioeconomic concern categories; Small Business (SB), Small Disadvantaged Business (SDB), HUBZone Small Business (HUBZone), and Veteran-Owned Small Business (VOSB). For the SB concern category, the 41.33% goal was exceeded by 2.99%. Strategic sourcing to small businesses this year has, and will continue to contribute to these excellent results.

Information Availability: During the first part of the Fiscal Year, a major effort was undertaken to review all Procurement Standard Practices (SPs) and update those identified as needing significant change. A prioritized list was provided to the Department of Energy, Berkeley Site Office (DOE-BSO) Contracting Officer on December 14, 2005. By mid-year, of the 108 SPs reviewed, 76 were revised, completed, and approved or deleted. Thirty-two SPs were determined to be acceptable as is or needed only minor changes, most of which were modified before year-end. During the latter part of the Fiscal Year, focus moved to the update of Procurement's General Provisions (GPs). Ten GPs were modified and submitted to DOE-BSO for review on July 14, 2006, and input was received from DOE-BSO on August 14 and September 21, 2006. This input is currently under discussion between the Laboratory and DOE-BSO and revisions are scheduled for submission to DOE-BSO on October 13, 2006. The Information Availability score for FY 2006 was 94.8% and earns the Laboratory an "Outstanding" rating.

Employee Training Program Plan Development and Deployment: For FY 2006, the Procurement organization committed to developing an employee training program. In mid-December, a survey was sent to all Procurement employees to solicit input to arrive at a training needs assessment. A meeting followed in May to identify needs for future development of employees. A Training Plan was developed and submitted to DOE-BSO and UC on August 31, 2006. During FY 2006, General Skills Training and Additional Assignment Specific Skills Training were provided to Procurement Group Managers, procurement specialists, and field buyers through Laboratory on-site training, off-site classroom training, during Group Manager meetings, and during one-on-one sessions following Group Manager Supervisory reviews and Post-Award reviews to address assessment results and corrective actions.

Performance Objective/Measure:
Customer - 1.1.a. Customer Satisfaction Rating
1.1.a.1 - *Percentage of Satisfied Customers* (Activity Value - 15 points)

Gradients:

	% of Customers Responding to Survey That Are Satisfied
Unsatisfactory	*<62.1%*
Marginal	*62.1 – 72.0%*
Good	*72.1 – 82.0%*
Excellent	*82.1 – 92.0%*
Outstanding	*> 92.0%*

Score – Outstanding (15 out of 15 Points)

The first set of customer surveys (52 surveys from the November 2005 Low-Value Self-Assessment sample) were distributed in April using an e-mail survey. Twenty-four responses were received (46.2% response rate) with customer ratings as follows: 16 "Highly Satisfactory", seven "Satisfactory", and one "Unsatisfactory".

A second set of surveys (44 from the July Stratified Random Sample Review of purchases exceeding $100K) were distributed in August. Twenty-one responses were received (47.7% response rate) with customer ratings as follows: 16 "Highly Satisfactory", three "Satisfactory", and two "Unsatisfactory".

With three "Unsatisfactory" ratings, the overall Customer Satisfaction Rating is 93.3%, which is in the "Outstanding" range of performance.

Internal Customer Satisfaction Rating (93.3%) =

$$\frac{\text{42 Satisfied Internal Customers (Requesters)}}{\text{45 Internal Customers (Requesters) Responding to Survey}}$$

This is a slight improvement over the 90.0% result achieved in FY 2005 under the previous survey methodology, verbal climate surveys on a judgmental sample basis.

Performance Objective/Measure:
Internal Business Processes - 2.1.a, Assessing Systems Operations
2.1.a.1 - *System Self-Assessment Program* (Activity Value - 30 points)

Gradients:

	Procurement Quality Index Average File Score
Unsatisfactory	*<50.0*
Marginal	*50.0 – 61.9*
Good	*62.0 – 74.9*
Excellent	*75.0 – 87.9*
Outstanding	*≥ 88.0*

Score – "Outstanding" (30 points out of 30 points)

Scoring for this measure is based on the results from two random post award reviews conducted in FY 2006: Low Value Purchases (score 96.7) and High Value Subcontracts (score 95.3). The average file score from each review was multiplied by its ratio to the total number of transaction samples, and then added together to calculate the overall score.

Review of Low Value Purchases	96.7 x 52/88 =	57.14
Review of High Value Subcontracts	95.3 x 36/88 =	38.99
	Score	96.13

The resulting score is 96.13, which earns the Laboratory an "Outstanding" rating.

The scheduled assessment activities from the System Evaluation Plan are summarized as follows:

- Group Manager Supervisory Reviews: (Ongoing Internal Reviews Conducted -- No UC or DOE Reporting);
- Group Manager Judgment Reviews: (Ongoing Manager's Judgment Sample Reviews Conducted of at least 15% of written transactions over $25K, covering various types of transactions. Annual Summary Reporting was provided to DOE and UC on July 28, 2006);
- Contract Review Board (CRB) Reviews: (Seventeen CRB reviews were conducted);
- Contract Review Board Findings Review: (A One-Time Review covering the prior Calendar Year CRB Findings was conducted. Report was provided to DOE and UC on February 28, 2006);
- Procurement Card Transaction Reviews: (Ongoing reviews. Summary Quarterly Reporting through the third quarter had no uncompleted transaction resolutions. There are no uncompleted transaction resolutions for the months of July and August);
- Stratified Random Sample Review: (Review of One-Time Low Value Purchases [up to $25K] awarded during FY 2005 was held on November 17, 2005, with Review Report submitted to DOE and UC on December 19, 2005);
- Stratified Random Sample Review: (Review of High Value Subcontracts [exceeding $100K] covering the prior twelve-month period was held on July 13, 2006, with Review Report submitted to DOE and UC on September 21, 2006);
- Optional Judgmental Review: (Material Support Agreements or Former Soviet Union ["Russian"] Orders Review. Review is scheduled to be performed by Laboratory Internal Audit Services (IAS) in Fiscal Year 2007); and
- Optional Judgmental Review: (Intra-University Transactions [IUTs] Review. Review is scheduled to be performed by Laboratory IAS in Fiscal Year 2007).

Additional Procurement Card Reviews:

- On March 17, 2006, the DOE Contracting Officer held a Procurement Card Review Validation utilizing Card transactions from November 2005 as the review sample. DOE was provided with details of the Procurement Card control environment and the flow of transactions through the system. From this validation, DOE noted that the quality of the Procurement Card Files had improved significantly, but two areas were identified for further improvement. Continued emphasis on record keeping was recommended, particularly, documenting follow-up actions made to affect timely Procurement Card billing by vendors. The supervisory span of control for the DPU Team Leader and the15 Cardholders was also cited as an Observation. It is important to note that SP 13.4, *Purchase Card Program*, discusses span of control in the context of an "approving official," not a supervisor, which was originally founded in the context of widely distributed purchase cards in a decentralized environment. Since the DPU Team Leader's supervisor, is also an "approving official" who is in the chain of supervision of the same cardholders and the entire function is closely held by procurement professionals, both the nature of our unique structure and the actual ratio (only 7:1) should more than satisfy the intent behind

the span of control standard. This ratio is expected to reduce further as a result of continued implementation of LBNL's Supply Chain Initiative. Once the impact of this new initiative reaches its point of stabilization, it will be appropriate for the Laboratory to make appropriate changes to related SPs.

- LBNL IAS completed an audit of the Laboratory's Procurement Card function to assess the adequacy of established internal controls and procedures. Their final report (IAS Report 2525, *Office of the Chief Financial Officer, Procurement Card*) was issued in May 2006. It concluded, "In general, Pcard policies, procedures and management controls provide reasonable assurance that Pcard transactions are authorized and support and adequately guard against fraud, waste and abuse and the incurrence of unallowable costs." The audit made two recommendations to strengthen controls and improve efficiency. One recommendation was for cardholders to not prematurely change the status of an order to "Finished" prior to goods being received in the PCard system. Training was provided to all DPU personnel to address this issue. The other recommendation was to establish a tolerance range within which order cost discrepancies are considered immaterial. It is not reasonable to document minor discrepancies since it is not cost effective to take the time to investigate and document them. After reviewing discrepancy data, Procurement management accepted IAS' recommendation by establishing a +/- range of $5.00 within which discrepancies will not require resolution and documentation. Allowing such administrative increases or decreases for minimal amounts streamlines the credit purchase process and saves the Laboratory Administrative costs.

Enhancements as a Result of Prior Reviews:

Special corrective actions and enhancements have been initiated, which are directed to findings from various reviews:

1) To assist in identifying subcontracts with Government Furnished Property/Subcontractor Acquired Property (GFP/SAP), LBNL has completed a PeopleSoft system enhancement which provides an entry field and instructions for both requesters and buyers to identify actions which include GFP/SAP. The new field is a mandatory entry so it cannot be bypassed. The system enhancement was completed and implemented at the end of February 2006 and is currently in use. During April 2006, Property Management staff was given training on how to query the system to identify these actions and look up the associated documents.

2) In assessing certification requirements during an internal audit, LBNL found that an automatic feature of PeopleSoft, which set certain item categories for mandatory certification had been omitted from the recent 8.8 software upgrade. In checking whether the self-assessment finding was related to a previous self-assessment finding, the Procurement & Property Manager found that, while the system failure was not behind the findings, five of the six instances were for fabrication services that did not qualify for mandatory certification since payment can be made based on a three-way match of invoice, order, and receipt. The mandatory certification feature in PeopleSoft was re-implemented in April 2006. Buying staff were briefed to make sure certification requirements are properly entered.

3) Two new guides, one new system report, and a database have been developed to further enhance performance.

   - Guides addressing Rep/Cert issues and Insurance Certification documentation have been created to assist buyers in their work. Training during group meetings were conducted during April to introduce these guides to the buying staff.
   - In collaboration with Accounts Payable, a weekly report has been developed which summarizes invoices being held by Accounts Payable pending actions by buyers. Beginning in April, this report was distributed to each Group Manager as a tool to use in working with buying staff to clear invoice issues in a timely manner.

- In order to enhance the ability of buyers to perform price analysis, a Labor Rate Database was reconstructed and placed on the network drive. Buyers are able to research comparative labor rates as well as input new rates for future reference.

4) To improve the accuracy of LBNL's self-assessment process and avoid potential invalid findings during stratified random sample reviews, a new method of conducting self-assessment reviews has been implemented beginning with the One-Time Review of Purchases Exceeding $100K that was conducted in July. Instead of only one person being responsible for reviewing a subcontract file before consensus discussion, each file is reviewed by at least three individuals. Based on the combined results from the individual reviewers, the entire review team resolves any conflicts to develop consensus findings for each subcontract. In addition, for FY 2007 the Procurement & Property Manager will personally participate in consensus discussions in order to help mature consistency, and questionable or discrepant data will be verified with procurement specialists as appropriate to ensure accuracy of assessments.

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Performance Objective/Measure
Internal Business Processes - 3.1.a, Measuring Supplier Performance
3.1.a.1 - *Supplier Management/Strategic Sourcing* (Activity Value – 10 points)

Gradients:

	Average Key Supplier Rating
Unsatisfactory	*<2.00*
Marginal	*2.00 – 2.99*
Good	*3.00 – 3.74*
Excellent	*3.75 – 4.49*
Outstanding	*4.50 – 5.00*

Score – "Excellent" (9 points out of 10 points)

The Supplier Management Program that was initiated in FY 2005 was continued again this year. The same 22 Key Suppliers that were evaluated in FY 2005 were evaluated in FY 2006 using the *Lab Customer Evaluation of Subcontractor's Performance* form as the survey instrument. The surveys were distributed on May 16, 2006, and were due into the Laboratory's Small Business and Supplier Management Office by July 14, 2006. The FY 2006 Key Suppler evaluation results are provided in the table below. The overall FY 2005 rating for each Key Suppler is also presented for comparison.

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	Key Supplier	Quality of Work	Timeliness of Performance	Cost Control	Business Relations	Key Supplier Rating 2006	Key Supplier Rating 2005	Rating Difference FY 2006 Compared to FY 2005 (+/-)
1	Amersham Bioscience	4.25	3.50	3.80	4.00	**3.89**	4.06	-0.17
2	Applied Biosystems	3.00	3.67	3.50	3.25	**3.36**	2.83	+0.53
3	Barton Protective Services	4.50	2.00	3.00	2.33	**2.96**	3.96	-1.00
4	Boise Cascade	3.50	3.75	4.00	4.00	**3.81**	3.54	+0.27
5	Carlson Wagonlit	3.00	3.00	3.67	3.67	**3.34**	3.50	-0.16
6	Compass Group (also known as Eurest or Canteen)	3.67	4.00	2.75	4.00	**3.61**	4.08	-0.47
7	Fine Tec	4.00	4.00	4.00	3.67	**3.92**	5.00	-1.08
8	Fisher Scientific	5.00	5.00	4.33	4.33	**4.67**	4.45	+0.22
9	IBM Corporation	3.50	3.00	2.67	3.00	**3.04**	4.13	-1.09
10	Kelly Services	3.00	3.00	3.33	3.33	**3.17**	3.58	-0.41
11	MBA	4.50	4.50	4.33	4.33	**4.42**	3.41	+1.01
12	MPC-G LLC	4.00	4.00	3.67	4.33	**4.00**	4.25	-0.25
13	Newark InOne	3.00	3.00	3.50	3.33	**3.21**	4.63	-1.42
14	OneWork Place/Steel Case	3.50	3.50	4.00	3.83	**3.71**	4.17	-0.46
15	Pitney Bowes	3.50	4.00	3.67	4.00	**3.79**	3.63	+0.16
16	Project Performance Corp.	5.00	4.00	4.67	4.00	**4.42**	4.50	-0.08
17	Praxair	4.00	4.00	4.33	4.00	**4.08**	5.00	-0.92
18	Qwest Communication	3.00	3.00	2.33	4.33	**3.17**	4.00	-0.83
19	Rudolph and Sletten, Inc	5.00	3.50	3.33	4.33	**4.04**	4.75	-0.71
20	Sigma Aldrich	4.00	3.67	2.75	3.50	**3.48**	3.58	-0.10
21	Sun Microsystems	5.00	5.00	4.67	4.33	**4.75**	3.67	+1.08
22	VWR Scientific	4.00	4.00	4.20	4.20	**4.10**	3.98	+0.12
Average Score		3.91	3.69	3.66	3.82	**3.77**	4.03	-0.26

In general, FY 2006 ratings have declined compared to FY 2005. Seven suppliers' scores were down by more than 0.5 points and four of the seven suppliers' scores were down by 1.0 point or more. One supplier, Barton Protective Services, had a score which averaged less than 3.0 (Good). Special attention is necessary to improve performance. The Laboratory Small Business and Supplier Management Office will work with the subcontract administrator and the Laboratory customer to initiate appropriate action with Barton Protective Services. In addition, Key Suppliers that were rated less than a "Good" in any one evaluation category (Compass Group, IBM Corporation, Qwest, and Sigma Aldrich) will be contacted to discuss potential for improvement.

Three suppliers had an increased overall rating of 0.5 points or more compared to the FY 2005 rating. These suppliers were Applied Biosystems (0.53 points), MBA (1.01 points), and Sun Microsystems (1.08 points).

The average Key Supplier Rating of 3.77 points earns the Laboratory a rating of "Excellent".

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Performance Objective/Measure:
Internal Business Processes - 3.1.a, Measuring Supplier Performance
3.1.a.2 - *Key Supplier Timeliness of Deliveries* (Activity Value – 0 points)

Target: 84% of Key Suppliers provide timely delivery of goods and services.

Target for this measure has been met.

As stated under Performance Measure 3.1.a.1, Key Suppliers were evaluated through May 31, 2006, using the *Customer Evaluation of Subcontractor's Performance* form as the survey instrument. The On-Time delivery score is derived by dividing the number of Key Suppliers that received a Good or better score (≥ 3.0 points) in the Timeliness of Performance category by the total number of Key Suppliers evaluated. Twenty-one of the twenty-two Key Suppliers evaluated (95.5%) received scores of 3.0 or more. The target for this measure has been exceeded.

Performance Objective/Measure:
Internal Business Processes - 4.1.a. Measuring Effectiveness – Cycle Time
4.1.a.1 - *Average Cycle Time (Days) for Transactions More Than $100,000.00* (Activity Value – 0 points)

Target: Twenty-seven to 32 days.

Target for this measure has been met.

The average cycle time result for FY 2006 was 14.6 days. This result is better than target range and an improvement compared to FY 2004 and FY 2005 year-end results.

FY 2004 Year-End Result (Days)	FY 2005 Year-End Result (Days)	FY 2006 Year-End Result (Days)
18.8	23.8	14.6

Performance Objective/Measure:
Internal Business Processes - 4.1.a. Measuring Effectiveness – Cycle Time
4.1.a.2 - *Average Cycle Time (Days) for Transactions Equal To or Less Than $100,000.00* (Activity Value - 0 points)

Target: Six to 9 days.

Target for this measure has been met.

The average cycle time result for FY 2006 was 5.98 days. This result is better than the target range and an improvement compared to the FY 2004 and FY 2005 year-end results.

FY 2004 Year-End Result (Days)	FY 2005 Year-End Result (Days)	FY 2006 Year-End Result (Days)
6.6	7.5	6.0

Performance Objective/Measure:
Internal Business Processes - 4.1.a. Measuring Effectiveness – Cycle Time
4.1.a.3 - *Average Cycle Time (Days) for All Transactions (Overall)* (Activity Value - 0 points)

Target: Nine to 12 days.

Target for this measure has been met.

The average cycle time result for FY 2006 was 6.2 days. This result is better than target range and is an improvement compared to the FY 2004 and FY 2005 year-end results.

FY 2004 Year-End Result (Days)	FY 2005 Year-End Result (Days)	FY 2006 Year-End Result (Days)
6.9	8.0	6.2

Performance Objective/Measure:
Internal Business Processes - 4.1.a. Measuring Effectiveness

4.1.a.4 - *Percent of Transactions Placed Through Rapid Purchasing Techniques* (Activity Value - 0 points).

Target: 90% of all transactions placed through rapid purchasing techniques.

Target for this measure has been met.

The Laboratory continues to exceed the target for this measure with 94.1% of all procurement transactions (72,983 out of 77,577) being placed through rapid purchasing techniques.

FY 2004 Year-End Result	FY 2005 Year-End Result	FY 2006 Year-End Result
94.4%	94.0%	94.1%

Performance Objective/Measure:
Internal Business Processes - 4.1.a. Measuring Effectiveness
4.1.a.5 - *Percent of Transactions Placed by End-Users* (Activity Value - 0 points)

Target: 40% of all transactions placed by users.

Target for this measure has been met.

The Laboratory continues to significantly exceed the target for this measure with 62.7% of all procurement transactions (48,629 out of 77,577) being placed by end-users.

FY 2004 Year-End Result	FY 2005 Year-End Result (%)	FY 2006 Year-End Result
56.7%	60.9%	62.7%

Performance Objective/Measure:
Internal Business Processes - 4.1.a. Measuring Effectiveness
4.1.a.6 - *Percent of Dollars Obligated on Actions Over $100,000 Using Effective Competition* (Activity Value- 5 points)

Gradients:

	% of Dollars Obligated Using Effective Competition (Actions Over $100K)
Unsatisfactory	*<20.0%*
Marginal	*20.0 – 29.9%*
Good	*30.0 – 39.9%*
Excellent	*40.0 – 49.9%*
Outstanding	*≥ 50.0%*

Score – "Outstanding" (5 points out of 5 points)

The percentage of dollars obligated using effective competition through year-end was 61.96% ($84,186,606 out of $135,879,290). This result is in the "Outstanding" performance range. The reduced percentage of dollars obligated using effective competition when compared to FY 2005 results is thought to be due to increased non-competitive awards to small business in FY 2006, as well as a $22.7M competitive award for construction in FY 2005. In addition, during FY 2005 the achievements were assessed utilizing a base with additional exclusions during the first nine months of the year.

FY 2004 Year-End Result	FY 2005 Year-End Result	FY 2006 Year-End Result
67.2%	76.4%	61.9%

Performance Objective/Measure:
Internal Business Processes - 4.1.a. Measuring Effectiveness
4.2.a.7 - *Percent of Transactions Placed Through Electronic Commerce* (Activity Value- 5 points)

Gradients:

	% of Transactions Placed Through Electronic Commerce
Unsatisfactory	*<10.0%*
Marginal	*10.0 – 14.9%*
Good	*15.0 – 19.9%*
Excellent	*20.0 – 24.9%*
Outstanding	*≥ 25.0%*

Score – "Outstanding" (5 points out of 5 points)

The percentage of transactions placed through electronic commerce was 36.6% (28,422 out of 77,577). This result is in the "Outstanding" performance range.

FY 2004 Year-End Result	FY 2005 Year-End Result	FY 2006 Year-End Result
21.9%	34.5%	36.6%

Performance Objective/Measure:
Internal Business Processes - 5.1.a. *Socioeconomic Commitments* (Activity Value - 5 points)

Score – "Outstanding" (5 points out of 5 points)

Small Business Category	FY 2005 Yr. End*	FY 2006 Goal	1st Qtr. Cum.**	2nd Qtr. Cum.	3rd Qtr. Cum.	4th Qtr. Cum.	+/- Compared to Goal
Small Business (SB)	42.9%	41.33%	31.27%	38.09%	40.28%	44.32%	+2.99%
Small Disadvantaged Business (SDB)	5.5%	6.33%	6.86%	7.23%	7.35%	7.32%	+0.99%
Women-Owned Small Business (WOSB)	4.5%	5.76%	4.34%	4.71%	4.10%	4.77%	-0.99%
HUBZone Small Business (HUBZone)	1.6%	2.22%	2.17%	1.90%	2.40%	2.49%	+0.27%
Veteran-Owned Small Business (VOSB)	0.8%	1.00%	2.35%	2.11%**	1.57%	1.34%	+0.34%
Service-Disabled Veteran-Owned Small Business (SDVOSB)	0.5%	1.25%	0.77%	0.52%	0.36%	0.33%	-0.92%

* Comprises mixed base. The first six months of the Fiscal Year was assessed utilizing a base with the following exclusions: subcontracts involving performance outside of the United States or its outlying areas; subcontracts to all non-profit entities such as state and local government, other DOE contractors, and educational institutions (including UC); and subcontracts placed under GSA or other Federal agency agreements. The last six months of FY 2005 the base excluded subcontracts involving performance outside of the United States or its outlying areas; and subcontracts to an organizational affiliate of the Berkeley Lab (i.e., UC campus, UC Laboratory).

** Figures have been adjusted from what was reported in the 3rd Qtr. Report.

The percentage of dollars awarded to small businesses has exceeded goals in four of the six socioeconomic concern categories; SB, SDB, HUBZone, and VOSB. The SB concern category was 2.99% above the 41.33% goal and this percentage exceeds the FY 2005 year-end result of 42.9%. Awards to WOSB and SDVOSB concerns fell short of the established goals; however, they are expected to grow further with the award of blanket orders to USfalcon a SDVOSB and 8(a) providing computer products (a $10M/year blanket order), and to Pacific Supply and Safety a SDB, WOSB, and 8(a) firm providing office products (a 1.1M/year blanket order). Items are ordered from these suppliers and S and S Supplies & Solutions, a small business supplier of industrial tools and supplies, using the new on-line electronic commerce ordering system (eBuy) for purchasing low-value catalog items. In July, Pacific Supply and Safety, became the exclusive source for obtaining office supplies at the Laboratory.

Category	FY 2006 (Dollars)
Purchasing Base	$204,896,801
SB	$ 90,814,925
SDB	$ 14,997,730
WOSB	$ 9,782,811
HUBZone	$ 5,101,475
VOSB	$ 2,747,600
SDVOSB	$ 673,012

In addition to the cumulative year-end results, DOE's evaluation of this measure will include the assessment of the Laboratory's outreach efforts. Berkeley Laboratory continued to actively participate in Small Business Outreach activities through the Fiscal Year and list of these activities is provided as Exhibit II to this report.

The Laboratory recognizes that not all small business goals were met. However, percentage results in four of the six categories exceeded FY 2006 goals, percentage results in five of the six categories exceeded FY 2005 year-end results, the SB goal was exceeded by almost 3%, and there were numerous outreach efforts made to small business concerns this year. The Laboratory recommends that this be considered by DOE in the evaluation of the Laboratory's performance and proposes that all five points be earned.

Performance Objective/Measure:
Learning and Growth - 6.1.a.1, *Employee Satisfaction Rating* (Activity Value - 10 points)

Gradients:

	% of Employees Responding to Survey That Are Satisfied
Unsatisfactory	*<60.0%*
Marginal	*60.0 – 69.9%*
Good	*70.0 – 79.9%*
Excellent	*80.0 – 89.9%*
Outstanding	*≥ 90.0%*

Score – "Excellent" (9 out of 10 points)

Procurement employees were responsive to forming an Advisory Council to assess the Fiscal Year 2005 Procurement Employee Satisfaction Survey results, which had shown the most significant rating decline in the past five years. Nine employees, representing all four of the Procurement Buying Groups, volunteered to participate on the new Procurement Employee Advisory Council (PEAC).

The Procurement and Property Manager drafted the mission, charter and process for the PEAC. The mission of the PEAC is to provide a resource for employees to address systemic issues related to Procurement operations that impact morale, satisfaction, and effectiveness and to recommend potential solutions. The Charter states, "The Procurement Employee Advisory Council (PEAC) serves at the request of the Procurement & Property Manager soliciting input and providing feedback and advice on a broad range of issues relevant to procurement operations, systems and employee satisfaction." The first meeting of PEAC was held on February 27, 2006, and subsequent meetings have been held on a regular basis. The Council elected a Chairperson and Vice-Chairperson to serve a one-year term. PEAC's initial task was to provide interpretation and feedback related to the 2005 Procurement Employee Satisfaction Survey.

Fifty-five Employee Satisfaction Surveys were sent out by electronic mail to Procurement employees on May 3, 2006. The twelve survey questions covered topics relating to timeliness, quality of work environment, efficiency, communications, openness to innovation, and ethics. Employees were asked to rate or score their degree of "agreement" with the twelve survey statements on a scale of "1" (strongly disagree) to "5" (strongly agree). If an employee's average score for all twelve questions had a rating of "3" or higher, the employee was considered "Satisfied". In addition, employees were asked to provide an overall satisfaction rating and note any additional comments they had.

Thirty survey responses were received, representing fifty-one staff remaining as of June 30, 2006 (due to recent terminations and retirements). Twenty-four employees rated their satisfaction at "3" or higher (80.0%) and were considered "Satisfied". This result earns the Laboratory an "Excellent" rating. This result is slightly lower than that achieved in FY 2005 (82.9%); however; we consider this difference to be within the margin of error for a survey of this size and type. In fact, in both FY 2005 and FY 2006, the calculated average of employees' scores for questions one through 12 were exactly the same at 3.9, further validating that the difference is a function of the margin of error.

Question Number 9, "My Workload is Usually Manageable" resulted in the lowest overall score at 3.13, and was expressed as a concern by several employees who provided written comments on the survey form. Due to recent terminations and retirements, individuals' workloads have increased. With expected strategic sourcing workload reductions, this situation should improve and will be watched closely as a function of the Supply Chain Management Plan. The scores for the remaining questions ranged from 3.57 to 4.43 and differed from FY 2005 results by no more than +/- 0.4.

Results of the employee survey will be presented to the PEAC for further assessment and development of appropriate actions.

Employee satisfaction results for the last six years follows:

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Percentage of Satisfied Employees	95.0%	92.0%	93.0%	92.0%	82.9%	80.0%

Performance Objective/Measure:
Learning and Growth - 6.2.a.1, *Employee Alignment Rating* (Activity Value - 0 points)

Target: 98% of Procurement employees' Performance Evaluation Plans are aligned with organizational goals and objectives.

Target for this measure has been met.

During January and February 2006, the Procurement & Property Manager briefed all Procurement personnel, in group settings, regarding the Department's standing with respect to Safety, Balanced Scorecard Performance, and Customer Satisfaction. Particular focus was given to the Department's recent safety record, individual impact on balanced scorecard elements, and methods for improving customer satisfaction.

Plans for the FY 2006 Performance Review and Development process included instructions for assessing performance and setting objectives for contributions to Balanced Scorecard by 100% of the Procurement employees in the Procurement & Property Management Department. On July 3, 2006, the Procurement & Property Manager provided an e-mail instruction to all Procurement Department Managers and employees that discussion of contributions related to balanced scorecard objectives and goals were to be addressed during the FY 2006 Performance Review and Development process.

One-hundred percent of Procurement employees' Performance Evaluation Plans are aligned with organization goals and objectives.

Performance Objective/Measure:
Learning and Growth - 6.3.a.1, *Measuring Availability of Information* (Activity Value - 5 points)

Gradients:

	% of Information Resources Available to Employees
Unsatisfactory	*<85.0%*
Marginal	*85.0 – 87.9%*
Good	*88.0 – 90.9%*
Excellent	*91.0 – 93.9%*
Outstanding	*≥ 94.0%*

Score – "Outstanding" (5 points out of 5 points)

During the first part of the Fiscal Year, a major effort was undertaken to review all Procurement Standard Practices (SPs) and update those identified as needing significant change. A prioritized list of SPs was provided to the DOE-BSO Contracting Officer on December 14, 2005. By mid-year, of 107 SPs reviewed, 76 were revised, completed, and approved or deleted. The remaining thirty-two SPs were determined to be acceptable as is or needed only minor changes. At the end of the second quarter, Berkeley Lab's level of Procurement Information Availability was computed to be 94.9% (222 available out of 234 needed).

During the latter part of the Fiscal Year, focus moved to the update of Procurement's General Provisions (GPs). Ten GPs were modified and submitted to DOE-BSO for review on July 14, 2006, and input was received from DOE-BSO on August 14 and September 21, 2006. This input is currently under discussion between the Laboratory and DOE-BSO, and revisions are scheduled for submission to DOE-BSO on October 13, 2006. In addition to working on the GPs, the Laboratory also updated 19 SPs with minor administrative changes. At the end of the year, Berkeley Lab's level of Procurement Information Availability was computed to be 94.8% (218 available out of 230 needed).

The score for this measure is based on the sum of reported information resources available to employees at the end of the second quarter and at year-end as follows:

	Result End of 2nd Quarter	Result End of FY	Total
Information Items Available	222	218	440
Information Items Needed	234	230	464

Score = 94.8%

The Information Availability score of 94.8% earns the Laboratory a rating of "Outstanding".

Performance Objective/Measure:
Learning and Growth - 6.4.a, Employee Training
6.4.a.1 - *Employee Training Program Plan Development and Deployment* (Activity Value - 10 points)

Gradients:

	Employee Training Program Plan Development and Deployment
Outstanding	A sound systematic approach, fully responsive to all requirements of an Employee Development and Training Program (Management Development, Career Development, Basic Skills, Professional Skills, Technical Training, and Supervisory Skills) exists and is being employed as a key management tool. Entire Program is deployed without significant weaknesses or gaps.
Excellent	A sound systematic approach, responsive to the overall purposes of an Employee Development and Training Program exists and is a key management objective. The approach is well developed, may not be fully deployed, but has no major gaps.
Good	A sound systematic approach, responsive to the primary requirements of an Employee Development and Training Program exists. Program is developed, but some areas are not ready for deployment.
Marginal	A systematic approach to the primary purposes of an Employee Development and Training Program has begun. There is evidence that the Laboratory is in the early stages of a transition to the new Program. Some major gaps exist in deployment that would inhibit progress in achieving the primary purposes of a Development and Training Program.
Unsatisfactory	A systematic approach to the primary purposes of an Employee Development and Training Program does not exist. There is little evidence to show that the Laboratory has achieved even the early stages of a transition to a new Development and Training Program. The Program is not ready for deployment.

Score – "Excellent" (9 points out of 10 points)

In mid-December, a twelve-question survey entitled *Procurement Employee Training Needs Assessment*," was sent to all Procurement employees to complete. On May 10, 2006, Procurement Department managers participated in an all-day meeting to discuss the state of staff development and discussed the professional and training background for each procurement specialist and field buyer assigned to the Department. The focus of the meeting was to identify needs for future development of employees, both as purchasing professionals and as potential managers.

The required Training Plan was finalized and provided to DOE-BSO and UC on August 31, 2006. This Plan was accepted by DOE-BSO as a new systematic approach to ensure that training resources for Procurement personnel are identified and documented. Training requirements were derived from the results of the training analysis described above. Training shall be provided to full time and flex term employees assigned as procurement specialists and field buyers through: 1) Procurement Core Training – basic procurement subjects that procurement professionals are required to understand in order to develop competencies in performing assigned work, 2) General Skills Training – general training to enhance their overall professional skills, 3) Additional and Assignment Specific Skills Training – procurement topics that directly relate to particular job assignments as well as additional training on core subjects. Annual training plans will be established in the future that strike a balance of appropriate "immediate need" and skills topics to be presented to procurement specialists and field buyers in the form of individual development training, group meeting training, and one-on-one training. Training implementation responsibilities of the Procurement & Property Manager; Policy, Assurance and Systems Manager; Procurement Group Managers; the Procurement Training Coordinator; and procurement specialists and field buyers were identified in the Plan.

During FY 2006, General Skills Training and Additional Assignment Specific Skills Training were provided to Procurement Group Managers, procurement specialists, and field buyers through Laboratory on-site training, off-site classroom training, during Group Manager meetings, and during one-on-one sessions following Group Manager Supervisory reviews and Post-Award reviews to address assessment results and corrective actions. For example:

- In November, two individuals from the Small Business and Supplier Management Office attended training on the new Small Business Administration/DOE Electronic Subcontracting Reporting System.
- In March, the Manager of the Construction and Institutional Support Group received off-site Service Contract and Davis Bacon Act training.
- In May, a hands-on e-Procurement class was provided to, and attended by, a majority of the Procurement staff.
- In June, five Procurement Managers attended the Office of the Chief Financial Officer (OCFO) sponsored High Velocity Culture Change training sessions.
- In July, twenty Procurement employees from the Fabrication and One-Time Purchases, Construction and Institutional Support, and Supply Chain Management groups attended a new OCFO pilot course, *Creating a Customer-Centered Culture*.
- Training was provided to procurement staff during Group Manager Meetings on specific Procurement Standard Practices such as Personal Conflicts of Interest, Orders With DOE Contractors, Orders Against GSA Federal Supply Schedule, Set-Asides, Off-Site Shipments, Small Purchases, Fabrication Subcontracting, Documentation Requirements, Subcontract Administration – General, and Debarment, Suspension and Ineligibility.
- The field buyers (DPUs) received annual Procurement Card refresher training as well as training during Monthly Team Meetings covering specific topics such as Unauthorized Procurements, the Restricted Item List, Sales Tax, Set-Aside Coding, General Provisions, and GFP/SAP.

Core Training activities were suspended in FY 2006, while the Department assessed its current status and needs. The most recently hired procurement specialist is scheduled to attend to Core Training courses early in FY 2007; a Basics of Government Contracting course in October and a Cost and Price Analysis in Government Contracting course in November.

While the Training Plan provided a general representation of the long-term strategy for training deployment, it outlines the Core, Assignment Specific, and Group Meeting Format training planned for FY 2007. The Procurement Training Coordinator has made arrangements for an outside training firm to present the Core Training course – Terminations, on-site during the first quarter of FY 2007. The Assignment Specific course planned for FY 2007, Service Contract and Davis Bacon Acts, will most likely be presented by The San Francisco Office of the Department of Labor. The Department of Labor has offered to provide on-site training on these two Acts in Fiscal Year 2007. Scheduling by the Training Coordinator is in process. Individual Development Training will be determined following the FY 2006 Performance Review and Development process.

Performance Objective/Measure:
Financial - 7.1.a.1 *Cost-To-Spend Ratio* (Activity Value - 5 points)

Gradients:

	Cost-to-Spend Ratio
Unsatisfactory	*<3.50%*
Marginal	*3.50 – 3.25%*
Good	*3.24 – 3.00%*
Excellent	*2.99 – 2.75%*
Outstanding	*<2.75%*

Score – "Outstanding" (5 points out of 5 points)

Costs and obligations for each quarter and cumulative through the end of the Fiscal Year, are shown in the table below. The cumulative cost-to-spend ratio was 2.22%, which is in the "Outstanding" performance range. This result is slightly better than the FY 2005 CAPS: Center for Strategic Supply Research mean benchmark result of 2.27% for DOE/NNSA Contractors.

	FY 2006 Year-End Cum.
Procurement Costs	$4,976,839
Obligations	$224,215,171
Cost-to-Spend	2.22%

FY 2004 Year-End Result	FY 2005 Year-End Result	FY 2006 Year-End Result
2.19%	2.46%	2.22%

EXHIBIT I
ERNEST ORLANDO LAWRENCE BERKELEY NATIONAL LABORATORY
FY 2006 PROCUREMENT BALANCED SCORECARD (BSC)
SCORING THROUGH SEPTEMBER 30, 2006

	Performance Measures/Measured Activities	Gradient 60/70/80/90/100	Activity Value	Activity Score	Criteria	Total Points for Activity	Performance Objectives
	Customer						
1.1.a	**Customer Satisfaction Rating**						
1.1.a.1	% of satisfied customers (using transactional surveys)	<62.1/62.1/72.1/82.1/>92.0	15	15	Customer Feedback	15 / 15	**Customer Satisfaction** 15
	Internal Business Processes						
2.1.a	**Assessing Systems Operations**						
2.1.a.1	System Self-Assessment Program	Average of File Scores <50.0/50.0/62.0/75.0/≥88.0	30	30	Systems Evaluation	30 / 30	
3.1.a	**Measuring Supplier Performance**						
3.1.a.1	Supplier Management/Strategic Sourcing	Average of Supplier Survey Scores <2.00/2.00/3.00/3.75/≥4.50	10	9	Measuring Supplier Performance	9 / 10	
3.1.a.2	Key Supplier Timeliness of Deliveries	Target ≥84%	0	N/A			
4.1.a	**Measuring Effectiveness**						
4.2.a.1	Average Cycle Time (Days), Transactions > $100K	Target 27 - 32	0	N/A			
4.2.a.2	Average Cycle Time (Days), Transactions ≤ $100K	Target 6 - 9	0	N/A			
4.2.a.3	Average Cycle Time (Days), Overall	Target 9 - 12	0	N/A			
4.2.a.4	% of transactions placed through Rapid Purchasing Techniques	Target 90%	0	N/A	Pursuing Best Practices	10 / 10	**Management of Internal Business Processes** 55
4.2.a.5	% of transactions placed by end-users	Target 40%	0	N/A			
4.2.a.6	% of transactions placed through Effective Competition	<20.0/20.0/30.0/40.0/≥50.0	5	5			
4.2.a.7	% of transactions placed through E-commerce	<10.0/10.0/15.0/20.0/≥25.0	5	5			
5.1.a	**Socioeconomic Commitments**						
	Small Business Concerns (% of awards in the following categories)		5	5			
	Small Business	≥41.33%			Socioeconomic Subcontracting	5 / 5	
	Small Disadvantaged Business	≥6.33%					
	Women-Owned Small Business	≥5.76%					
	HUBZone Small Business	≥2.22%					
	Service-Disabled Veteran-Owned Small Business	≥1.25%					
	Veteran-Owned Small Business	≥1.00%					
	Learning and Growth						
6.1.a	**Employee Satisfaction Rating**						
6.1.a.1	% of satisfied employees (using climate surveys)	<60.0/60.0/70.0/80.0/≥90.0	10	9	Employee Feedback	9 / 10	**Learning and Growth** 25
6.2.a	**Employee Alignment**						
6.2.a.1	% of aligned employees	Target 98%	0	N/A			
6.3.a	**Measuring Availability of Information**						
6.3.a.1	% of information items available compared to information items needed	<85.0/85.0/88.0/91.0/≥94.0	5	5	Measuring Availability of Information	5 / 5	
6.4.a	**Employee Training**						
6.4.a.1	Employee Training Program Plan Development and Deployment	Evaluation of Plan and Reporting of Deployment	10	9	Provide Employees With Training, Skills, and Tools	9 / 10	
	Financial						
7.1.a	**Cost to Spend Ratio**						
7.1.a.1	% of purchasing organization cost compared to total procurement obligations	>3.50/3.50/3.24/2.99/<2.75	5	5	Process Cost	5 / 5	**Managing Financial Aspects** 5

Overall Procurement Assessment

97

100 Points

EXHIBIT II

FY 2006 LABORATORY SOCIOECONOMIC OUTREACH EFFORTS

First Quarter

At the request of the Lab's Environment, Health, & Safety Division, the Small Business & Supplier Management Office (SB&SMO) attended an event held 19 - 20 October 2005. This event consisted of supplier discussions entitled**,** *"Adding Value via Improved Coordination with Tier II Suppliers"* and *"Involving Minority-Owned Businesses in the Supply Base"* and were given at the 9th Annual Chemical Management Services workshop in San Francisco, California**.**

Additionally in October, the SB&SMO attended the "*National Minority Supplier Development Council Conference and Business Opportunity Fair"* held in Dallas, Texas.

On 10 November 2005, the Small Business & Supplier Management Office completed the SBA/DOE Electronic Subcontracting Reporting System (eSRS) Video Training held here at the Laboratory.

In the beginning of December 2005, the SB&SMO traveled back to Washington D.C. for the DOE Small Business Program Managers Meeting & Training. Also, on 15 December 2005, the University of California Small Business Coordinators' Meeting was attended.

Second Quarter

The Lab Small Business & Supplier Management Office commenced monthly Small Business Program Managers Teleconferences with Mr. Yosef Patel, Associate Director, Office of Small and Disadvantaged Business Utilization, Office of Economic Impact and Diversity, at DOE Headquarters on 11 January 2006. Subsequent Monthly Teleconferences were held on 7 February 2006 and 7 March 2006, respectively.

On 20 January 2006, an article appeared in Volume 4, Number 1 of the Laboratory news publication, "the VIEW" (formerly "CURRENTS"), entitled: *"Management Initiative: Give Small Business a Chance,"* to promote more small business subcontracting to the Technical/Research Divisions at the Lab.

A highlight of the Second Quarter is the fact that on 25 January 2006, the Lab Small Business & Supplier Management Office established a direct link from the main Berkeley Lab Home Page. The new Small Business Home Page, entirely separate from the Lab Procurement Home Page, provides lower-level Links to Laboratory subcontracting opportunities and Small Business Outreach Activities, including conferences, educational seminars or workshops that may be of interest to small businesses.

On 8 February 2006, the SB&SMO, along with the Procurement and Property Manager, met with the U.S. General Services Administration (GSA)'s Director, Client Support Enterprise GWAC Center of San Diego, California; the Sales Account Manager, Federal Technology Services, of San Francisco, California; and the Customer Service Director, GSA Federal Acquisition Service Pacific Rim Region, of San Francisco, California to discuss how to utilize GSA Federal Supply Schedules to obtain more small business subcontracting.

"The Western Region in Oakland Business Matchmaking Event" was attended by the SB&SMO on 13 February 2006. This event is sponsored by the U.S. Small Business Administration (SBA)/the Small Business Development Center (SBDC) and SCORE, as well as corporate sponsors, such as Federal Express. Berkeley Lab had "Matchmaking" sessions with twenty small

businesses in that one day. Some of these small businesses were subsequently scheduled for product or service presentations at the Laboratory.

In addition to monthly DOE/HQ Teleconferencing, the Lab Small Business & Supplier Management Office also began periodic Small Business Teleconferences with Mr. Larry Thompson, Small Business Advisor, DOE Chicago Operations Office, on 16 February 2006.

The SB&SMO submitted the Laboratory's subcontracting data (formerly prepared on paper forms, the SF-294 and the SF-295), to the DOE Berkeley Site Office and the DOE Chicago Operations Office through the Federal Government Electronic Subcontracting Reporting System (eSRS). The SB&SMO also ensured that all the Lab's appropriate large business subcontractors entered their subcontracting data in eSRS by DOE's deadline of 28 February 2006.

In March, the SB&SMO began mentoring the Small Business Coordinator at the University of California at Santa Cruz (UCSC). The UCSC Coordinator attended the *"The Western Region in Oakland Business Matchmaking Event,"* as well as the *"18th Annual High-Tech Small Business Conference"* (see below), with the Lab's SB&SMO.

On 7 - 8 March 2006, the Lab Small Business & Supplier Management Office attended the *"18th Annual High-Tech Small Business Conference"* sponsored by the California Institute of Technology (CALTECH), Jet Propulsion Laboratory (JPL), in coordination with the U.S. National Aeronautics and Space Administration (NASA) and the SBA held in Los Angeles, California. Attendance at the conference afforded the SB&SMO the opportunity to meet with high-tech small businesses (approximately 900 small businesses attend this conference) and discuss Lab subcontracting opportunities.

Furthermore, SB&SMO has been scheduling one-on-one in-house meetings with small businesses during the Fiscal Year, which may include the Procurement and Property Manager and/or pertinent Subcontract Administrators. To date, five Meetings have been held.

Third Quarter

The Lab Small Business & Supplier Management Office (SB&SMO) commenced monthly Small Business Program Managers Teleconferences with Mr. Yosef Patel, Associate Director, Office of Small and Disadvantaged Business Utilization, Office of Economic Impact and Diversity, at DOE Headquarters on 4 April 2006, 2 May 2006 and 6 June 2006, for the purpose of assisting in the organization and coordination of the 7th Annual DOE Conference.

The SB&SMO submitted the Laboratory's acceptable subcontracting data to the DOE Berkeley Site Office and the DOE Chicago Operations Office through the Federal Government Electronic Subcontracting Reporting System (eSRS). The SB&SMO also ensured that all the Lab's appropriate large business subcontractors entered their subcontracting data in eSRS by DOE's deadline of 30 April 2006.

"The U.S. Army Corp of Engineers Veteran Conference" was attended by the SB&SMO on 18 April 2006. The SB&SMO had the opportunity to meet 200 – 300 small businesses mostly in the construction area that were in attendance. At the conference, the SB&SMO made contact with Ron Batiste, General Manager, ECC Construction (SDB). We were able provide an opportunity for this firm to submit a construction bid to the LBNL Construction Procurement Manager, who also accompanied the SB&SMO staff.

The SB&SMO held a meeting with Belinda Guadarrama, President and CEO of GC Micro (SDB & WO business) to discuss how they could better service the Lab through their current blanket order. They have noticed a considerable decline in their sales. It was concluded that in order for GC to maintain its presence at the Lab GC would have to actively make a stronger effort in

providing better pricing and improving deliveries versus other small and disadvantaged businesses. GC Micro agreed to improve in that area.

On 2 May 2006, the SB&SMO attended *"The Disabled Veterans Business Alliance Expo"* in Anaheim, CA on behalf of the request from Adrienne Cisneros, Deputy Associate Director, Office of Small & Disadvantage Business Utilization, U.S. Department of Energy to fill in for DOE and to hand out DOE Opportunities pamphlets. At the Expo, the Lab was introduced to several Service Disabled Veterans Small Businesses. There, the SB&SMO met Cadence Leasing (SDVSOB), which may become another viable qualified source for equipment leases.

On 15 May 2006, the SB&SMO attended *"The U.S. Pan Asian American Annual Conference"* in Chicago, IL. Sponsored by the US Pan Asian American Chamber of Commerce. The SB&SMO shared the Lab's procurement opportunities with 300 – 500 small businesses.

On 24 May 2006, the SB&SMO attended *"The Alliance West Business Procurement Fair"* in Riverside, CA sponsored by Show Works Matchmaking. The SB&SMO shared the Lab's procurement opportunities with small business meetings with 75 – 100 small businesses.

On 1 June 2006, the *"NAWBO 2006 Women's Conference"* was held in San Francisco, CA. The SB&SMO attended this conference and was successful in meeting 200 – 300 small businesses that were in attendance.

Don Medley, Government Relations Manager, LBNL Community Relations Department, invited Ron Ball, Manger, SB&SMO to give a talk and PowerPoint presentation to the City of Richmond, CA, Mayor and City Official concerning the importance of the Berkeley Lab's Small Business Initiative in regards to the Bay Area Economic Impact Study.

The highlight for this fiscal year was the *"7th Annual DOE Small Business Conference"* in Seattle, on 27 June 2006. With over 1300 large and small businesses in attendance, the SB&SMO provided information on subcontracting opportunities with many vendors. On the last day of the conference, the SB&SMO participated in the DOE Small Business Matchmaking. This was a successful event with the SB&SMO meeting 17 potential small businesses.

On 28 June 2006, Ron Ball, SB&SMO, Manager, a key panel speaker at the 7th Annual DOE Conference gave a PowerPoint presentation on "How to Do Business with the Lawrence Berkeley National Laboratory" and provided the audience of approximately 1000 with Berkeley Lab's forecasted small business opportunities. On behalf of the Secretary of Energy, Samuel W. Bodman, Ron was presented with a letter of appreciation for being a presenter and speaker at the 7 Annual DOE Conference. The letter was signed by Theresa Avillar-Speake, Director, Office of Economic Impact and Diversity and Yosef Patel, Associate Director, Office of Small and Disadvantaged Business Utilization.

The SB&SMO coordinated various events at the Lab such as: a GSA presentation to the Distributed Purchasing Unit (DPU) on Small Business Purchases (June 15, 2006); a presentation by Zack Electronics (SB) to the DPU on how they could provide their electronic supplies and services (June 21, 2006); and an on-site exhibit/workshop by Mbar for vacuum equipment (June 27, 2006).

<u>Fourth Quarter</u>

On 20 July 2006, the Manager, SB&SMO and the Manager, Policy, Assurance, and Systems began working with Terry Powell, Community Relations Officer, and CBRE Consulting on the Berkeley Lab Economic Impact Study. The purpose of the study is to define the Laboratory's impact on the economic and fiscal benefits derived by or on the city of Berkeley, the region, and the State of California.

On 11 August 2006 a buyer from the Fabrication and One-Time Purchases Group represented the SB&SMO at the 24th Annual Minority Enterprise Development Awards Banquet in San Francisco. This was an opportunity to network with contractors and subcontracting officers from the San Francisco 8-State region.

On 13 August 2006, the Manager SB&SMO and two buyers from the Construction and Institutional Support Group met with Ms. Diana Davis of Environmental Management Services, a small disadvantaged 8(a) firm, which is a certified waste management and radiation company based in Walnut Creek. The purpose of the meeting was to discuss their capabilities and possible opportunities for this company to do business with the Laboratory. They were mainly interested in the Bevetron decommissioning project.

On 24 August 2006, the Manager SB&SMO met with Mr. Johnny Shami, Sweet Memory Electronics, Inc., a small disadvantaged firm, to discuss possibilities for his company to sell computer memory to the Laboratory.

On 28 August 28 2006, the Manager SB&SMO attended a meeting with staff from Procurement, Engineering, and the Laboratory machine shop to discuss possibilities of streamlining the process for outsourcing fabrication procurements that are overruns from the machine shop. This is a combination of in-reach and outreach efforts because the majority of outsource fabrications would be provided by small businesses.

On 31 August 2006, the Manager SB&SMO and the Procurement Strategic Sourcing Specialist met with Ms. Nancy Massa, Owner of Max Fusion, Inc., a women owned small business and small disadvantaged 8(a) firm to discuss possibilities for the company to become a strategic sourcing vendor for McMaster Carr and fabrication sources.

Fiscal Year 2006

Property Management
Balanced Scorecard Report

In Compliance With

Prime Contract No. DE-AC02-05CH11231,
Section J, Appendix B
Performance Evaluation Measurement Plan

October 27, 2006

Introduction

This report reflects FY2006 performance achieved through September 26, 2006, based on the agreed to measures and protocol for the FY2006 Balanced Scorecard. Any changes to protocol must be agreed to by the Laboratory, University of California Laboratory Operations Office, and the Department of Energy – Berkeley Site Office.

1.0 External Customer Satisfaction – Laboratory Property Custodians

The Laboratory developed a new survey methodology in FY2006 for the External Customer Satisfaction survey. The methodology utilizes a Laboratory web-based E-Survey tool. The criteria for selecting potential participants in the survey population are the following: any Laboratory employee who is not a Property Representative or Coordinator (defined as Internal Customers), and who has interacted with the property management staff in establishing new equipment Borrow, Loan or Offsite Control agreements, or requested a change to an asset record.

Our goal is to obtain a response from an average of ten custodians per month for an annual total of 120. During the 4th Quarter, there were 14 respondents to the E-Survey.

The E-Survey employs check boxes for the user to identify the subject area that their survey response is based on, and includes an additional category of 'Other'. The questions are based on three criteria: Timeliness, Quality, and Partnership. Respondents are asked to grade the service in these areas based on a one (low) to five (high) scale. An average score per survey of three or better on the five point scale will indicate a satisfied customer. The actual survey questions are

1. How useful is the information provided on the Property Management website?
2. How do you feel about Property Management's level of effort in assisting you?
3. Would you please rate the timeliness of our response to your request for service?

Of the 27 surveys submitted during the 4th Quarter, 22 of them received an average score of three or higher, which translates to a 81.5% customer satisfaction rating. The target for this measure is to obtain a rating of 80.0 % or higher. The cumulative average over the four quarters is equal to 81.4%.

During the 4th Quarter, the Property Manager communicated with the Business Managers for the two divisions that provided most of the negative comments. Concerns appeared to exist over similar requests for data made by different core Property Staff members to the divisions, and a lack of timely response from the core Group to requests from divisions. Property Management's significant workload is a contributing factor to the decline in customer satisfaction. The Property Manager committed to discussing these issues with the core staff and to work at improving customer service. Since the general comments are submitted anonymously, the Property Manager requested the Business Managers convey his concern over the comments and commitment to improving in the areas identified to their divisional staff.

External Customer Satisfaction Rating % =	Number of Satisfied Property Custodians
	Total Number of Property Custodians Responding to Survey

Measure: Extent that external customers are satisfied with specific personal property products and services.

Target = 80% If target is met, the Laboratory will earn five points.

The following table identifies the scoring to date for this measure:

Quarter	Score 3.0 and >	Score < 3.0	TOTAL	%
1st	19	4	23	82.6
2nd	37	5	42	88.1
3rd	19	8	27	70.4
4th	22	5	27	81.5
TOTAL	97	22	119	**81.4%**

The Laboratory's performance against this measure exceeds the 80 percent satisfaction rating and will earn five points.

2.0 Internal Customer Satisfaction – Property Representatives and Property Coordinators

All Laboratory Property Representatives and Property Coordinators, defined as internal customers, will be invited to respond to a survey prepared and tabulated by the Property Management Advisory Board. The Advisory Board will create, disseminate and tabulate the results of the survey, which was scheduled for deployment during the 3rd Quarter of FY2006, but will now take place in the 4th Quarter. The survey will be based on questions relating to communication, database functionality, and efficiency, using the three factors of Timeliness, Quality, and Partnership as key criterion. Advisory Board personnel will be requested to grade the areas based on a one (low) to five (high) scoring methodology. An average score per survey of three or better on the five point scale will indicate a satisfied customer.

Internal Customer Satisfaction Rating = 100%	Number of Satisfied Property Representatives and Property Coordinators (17)
	Total Number of Property Representatives and Property Coordinators Responding to Survey (17)

On August 7, the Chairman of the Advisory Board met with the Property Manager and provided him with the written results of the Internal Customer Survey. Seventeen Property Representatives responded to the survey. The lowest score was 3.00 and the highest score was 4.86. The average survey score was 3.78. Several surveys contained written comments most of a positive nature and several were in the form of suggestions. The Property Manager agreed that all comments would be reviewed and general feedback provided at a future Property Representative meeting.

Measure: Extent that internal customers are satisfied with specific personal property products and services.

Target = 80 % If the target is met the Laboratory will earn five points.

The Laboratory's performance against this measure reflects a 100 percent satisfaction rating and will earn five points.

3.0 Accuracy of and Consent to Sensitive Property Assignments.

At the conclusion of the FY2006 inventory, a sample of 45 sensitive assets were selected for validating the inventory. Property Management identified the custodian of record for each property asset in the sample. An e-mail was sent to each custodian identifying the asset(s) assigned to them appearing in the sample, and they were requested to respond indicating the assignment is in fact accurate or that it is not accurate.

% =	Number of sampled sensitive assets selected that are accurately assigned to custodians

	Total number of sensitive assets selected during the property review

Measure: Percent of sampled sensitive items confirmed by the accountable individual as being properly assigned.

Target = 98% If target is met, the Laboratory will earn five points.

Custodian Verifications	Total Number in selection	Score Achieved
44	45	97.78%

The Laboratory's performance against this measure reflects a 97.78 percent custodian verification rating. This rating has been discussed with the Contracting Officer and although it is less than one percentage point below the target, four points will be earned by the Laboratory because the size of the sample is so small that all 45 assets, or 100 percent of the sample, would have to be positively confirmed to earn all points. Therefore, the Contracting Officer is willing to award partial credit.

The Laboratory will earn four points for this measure.

4.0 Accuracy of and Consent to Equipment Property Assignments.

At the conclusion of the FY2006 inventory, a sample of 45 equipment assets, were selected for validating the inventory. Property Management identified the custodian of record for each property asset in the sample. An e-mail was sent to each custodian identifying the asset(s) assigned to them appearing in the sample, and they were requested respond indicating the assignment is in fact accurate or that it is not accurate.

% =	Number of sampled equipment items selected that are accurately assigned to custodians
	Total number of equipment items selected during the property review

Measure: Percent of sampled equipment items confirmed by the individual as being properly assigned.

Target = 98% If target is met, the Laboratory will earn five points.

Custodian Verifications	Total Number in Selection	Score Achieved
45	45	100%

The Laboratory's performance against this measure reflects a 100 percent custodian verification rating and will earn five points.

5.0 Inventory of Equipment Property (Acquisition Cost)

The establishment of the FY2006 equipment inventory base occurred during December of 2005, the actual inventory performance occurred during in the 2nd Quarter of FY2006. A total of 1,758 equipment assets were selected with a combined acquisition value of $367,872,908.47. As part of the FY2006 inventory effort all equipment assets over $500 K were selected in addition to the statistical sample. We have determined that there were no equipment assets located at home. The validation of the equipment inventory was concluded during the 3rd Quarter, which consisted of 45 controlled assets.

% =	Acquisition cost of equipment property assets inventoried and accounted for
	Acquisition cost of the equipment property assets in inventory

Measure: Percent of equipment property inventory located during physical inventory by acquisition cost.

Target = 99% If target is met Laboratory will earn nine points.

99.97% =	$367,771,122.24
	$367,872,908.47

Based on the successful completion of the inventory and the validation of equipment by acquisition cost, the Laboratory has earned nine points.

6.0 Inventory of Equipment Property (Items)

The establishment of the FY2006 equipment inventory base occurred during December of 2005, the actual inventory performance occurred during in the 2nd Quarter of FY2006. A statistically valid sample of 1,758 equipment assets was selected. As part of the FY2006 inventory effort, all equipment assets over $500K were selected in addition to the statistical sample. We have determined that there were no equipment assets located at home. The validation of the equipment inventory was concluded during the 3rd Quarter which consisted of 45 assets.

% =	Number of equipment assets inventoried and accounted for
	Number of equipment assets in the inventory

Measure: Percent of equipment property inventory located during physical inventory by items.

Target = 98% If target is met the Laboratory will earn nine points.

99.72% =	1,753
	1,758

Based on the successful completion of the inventory and the validation of equipment by number of items, the Laboratory has earned nine points.

7.0 Inventory of Sensitive Property (Acquisition Cost)

The establishment of the FY2006 sensitive inventory base occurred during December of 2005, the actual inventory performance occurred during in the 2nd Quarter of FY2006. A total of 2,278 sensitive assets were selected with a combined acquisition value of $7,528,329.36. The population of sensitive assets is based on two separate campaigns – a statistical sample of sensitive assets and 100 percent of assets at home. The validation of the sensitive asset inventory was concluded during the 3rd Quarter which consisted of 45 assets.

% =	Acquisition cost of sensitive property assets inventoried and accounted for

	Acquisition cost of the sensitive property assets in inventory

Measure: Percent of sensitive property inventory located during physical inventory by acquisition cost.

Target = 99% If the target is met the Laboratory will earn nine points.

99.32% =	$7,476,780.52
	$7,528,329.36

Based on the successful completion of the inventory and the validation of sensitive assets by acquisition cost, the Laboratory has earned nine points.

8.0 Inventory of Sensitive Property (Items)

The establishment of the FY2006 sensitive inventory base occurred during December of 2005, the actual inventory performance occurred during the 2nd Quarter of FY2006. A statistically valid sample of 2,278 sensitive assets was selected. The population of sensitive assets is based on two separate campaigns, the statistical sample of sensitive assets and 100 percent of assets at home. The validation of the sensitive inventory was concluded during the 3rd Quarter which consisted of 45 assets.

% =	Number of sensitive assets inventoried and accounted for
	Number of sensitive assets in the inventory

Measure: Percent of sensitive property inventory located during physical inventory by items.

Target = 98% If the target is met the Laboratory will earn nine points.

99.65% =	2,270
	2,278

Based on the successful completion of the inventory and the validation of sensitive assets by number of items, the Laboratory has earned nine points.

9.0 Discretionary Vehicle Utilization

The Fleet Manager's reports were used to calculate and report the "total utilization measured" and "overall utilization standard" for the discretionary vehicle classification. The FY2006 standard for discretionary vehicles is 225 miles per month per vehicle.

Scoring this measure solely against the agreed to criteria would result in the Laboratory earning five points. However, during 2006 an Office of Inspector General (OIG) audit of vehicle utilization was critical of both our utilization criteria and utilization rates. Although the criteria being used at the Laboratory was based on site specific characteristics and was approved by the Department, we are not satisfied with earning the maximum point allocation for this measure based on criteria that does not reflect best practice standards. The Laboratory feels that a two point downward adjustment is warranted.

Quarter	Vehicle Count	Total Qtr. Miles	Criterion (Miles)	Group Average (Miles)	Group Average Compared to Criterion (%)
1st	51	44,805	225	292.8	130.1%
2nd	53	37,581	225	236.4	105.1%
3rd	54	37,768	225	233.1	103.6%

4th	59	49,137	225	277.6	123.4%

During FY2006, Discretionary Vehicles exceeded the established target for this measure in each of the four quarters.

% =	Total monthly mileage for all discretionary vehicles
	Required average monthly mileage per discretionary vehicle x the number discretionary vehicles

Measure: Percent of discretionary motor vehicles meeting utilization standards and objectives.

Target = 90% If target is met, the Laboratory will earn five points.

The Laboratory's performance against this measure reflects exceeding the 90% target utilization standard, however, only three points will be earned due to concerns raised by the OIG relative to the current vehicle utilization standards.

10.0 Essential Vehicle Utilization

The Fleet Manager's reports were used to calculate and report the "total utilization measured" and "overall utilization standard" for the essential vehicle classification. The FY2006 standard for discretionary vehicles is 225 miles per month per vehicle.

Scoring this measure solely against the agreed to criteria would result in the Laboratory earning five points. However, during 2006 an OIG audit of vehicle utilization was critical of both our utilization criteria and utilization rates. Although the criteria being used at the Laboratory was based on site specific characteristics and was approved by the Department, we are not satisfied with earning the maximum point allocation for this measure based on criteria that does not reflect best practice standards. The Laboratory feels that a two point downward adjustment is warranted.

Quarter	Vehicle Count	Total Qtr. Miles	Criterion (Miles)	Group Average (Miles)	Group Average Compared to Criterion (%)
1st	188	188,205	225	333.7	148.3%
2nd	186	144,178	225	258.4	114.8%
3rd	185	142,735	225	257.2	114.3%
4th	163	146,967	225	300.5	133.5%

During FY 2006, Essential Vehicles exceeded the established target for this measure in each of the four quarters.

% =	Total monthly mileage for all essential vehicles
	Required average monthly mileage per discretionary vehicle x the number essential vehicles

Measure: Percent of essential motor vehicles meeting utilization standards and objectives.

Target = 90% If target is met, the Laboratory will earn five points.

The Laboratory's performance against this measure reflects exceeding the 90% target utilization standard, however, only three points will be earned due to concerns raised by the OIG regarding the current vehicle utilization standards.

11.0 Excess Processing

The FY2006 scoring of this measure is based on comparing current year performance with a baseline established in the prior reporting period. In FY2005, the Laboratory declared excess and disposed of 1,891 property assets within the 180-day criteria. Target performance for FY2006 is to increase the volume of property assets declared excess and disposed of within the 180-day criteria by eight percent, or 152 assets. The total disposition target for FY2006 is 2,043 assets.

During the third and fourth quarter significant emphasis and visibility were directed at this measure. First, data quality issues that surfaced in the first and second quarters were revisited. The processes used by Facilities Warehouse staff in recording data, compiling it at month end, evaluating it and reporting it to Property Management were reviewed. In addition, Property Management's process for receiving the data, reviewing and analyzing it and making adjustments to it were reviewed. Corrections and improvements have been made to our current manual processes and plans have been identified to, as soon as possible, develop a system generated report capability from the Asset Management System thus eliminating our manual processes. Data in the table provided below reflects retroactive corrections to the data reported for the 1st and 2nd Quarters as well as 3rd and 4th Quarter activity.

% =	Number of assets disposed of within 180 days in FY2006- Number of assets disposed of within 180 days in FY2005
	Number of assets disposed of within 180 days in FY2005

Measure: Increase the number of assets disposed of within the 180 criteria by eight percent over the baseline established in FY2005.

Target = 8% increase in asset disposal. If target is met, the Laboratory will earn three points.

Quarter	Assets Received	Assets Processed Within 180 Days
1st	657	613
2nd	497	444
3rd	862	695
4th	408	300
TOTAL	2,424	2,052

8.5% =	Number of assets disposed of within 180 days in FY2006 (2,052) - Number of assets disposed of within 180 days in FY2005 (1, 891) = 161
	Number of assets disposed of within 180 days in FY2005 (1,891)

The Laboratory processed and excessed 2,052 assets within 180 days in FY2006, achieving the 8.5% increase over the FY2005 disposition level. Therefore, the Laboratory will earn three points on this measure.

12.0 Information Technology

In FY2005, the Excess Group identified two types of assets to be sold “on line”, motor vehicles and machine tools, and established a process for doing so. Two assets were sold “on line” during FY2005.

The FY2005 performance of two items sold “on-line” established the baseline for determining future performance. The two-year goal (FY2006 - FY2007) is to increase the number of “items” sold “on-line” by ten percent per year when compared with prior year “on-line” sales. For FY2006, at least three qualifying assets must be sold “on-line” to earn points. During the 1st Quarter nine assets were sold on-line and five in the 2nd Quarter, equaling a total of 14 for the first half of FY2006. During the 3rd Quarter four assets were sold on-line and three assets in the 4th Quarter, equaling a total of 21 assets for FY2006.

The following formula will be used to calculate the percent increase.

950% Change =	Number of items* sold “on-line” *(current year-prior year [9+5+4+3-2])
	Total number of items* sold on-line during prior year (2)

* Asset categories selected for FY2006 are machine tools and vehicles.

Measure: Percent of surplus items sold using "on line" sales media during the year.

Quarter	Assets Sold On-Line
1st	9
2nd	5
3rd	4
4th	3
TOTAL	21

Target = Increase percentage of on-line sales achieved in FY2005 by 10% or more. If target is met, the Laboratory will earn three points.

The Laboratory’s performance against this measure reflects a 950 percent increase in on-line sales over FY2005; therefore, the Laboratory will earn three points.

13.0 Purchase Card Acquisitions

Laboratory policy does not permit the routine use of credit cards for the purchase of controlled or sensitive property. Under special circumstances, the Property Manager may grant an exception and authorize use of a credit card for such a purchase. Property Management tracks all exceptions granted to ensure that the acquired asset is recorded into the Asset Management System within 72 hours.

Periodically, the Property Manager sends out reminders to Procurement Group Leaders of the need to obtain authorization in advance of utilizing a credit card to acquire controlled or sensitive personal property.

During the first two quarters, there were two exceptions granted and in both cases the assets were tagged and recorded into the Asset Management System within 72 hours.

During the 3rd Quarter, three exceptions were requested and approved under the existing policy. Two of the three assets were tagged by Receiving and created in the Asset Management System within 72 hours of receipt. However, Receiving, after timely tagging the third asset, did not notify Property Management; therefore, it was not recorded into the Asset Management System within the 72 hour target.

Property Management purchases, controls, and provides barcodes to Receiving for tagging assets. As an internal control, a monthly review is conducted by Property Management that reconciles the barcodes provided to Receiving with the assets created in the Asset Management System to determine if any discrepancies exist. During the reconciliation conducted in July, a discrepancy was noted. The resolution of the discrepancy brought to light the fact that Receiving had not notified Property Management of an asset being received and tagged. Our internal controls worked effectively to identify an unaccounted for barcode and resulted in the correction of an error and our acquiring control over an accountable asset within a reasonable time.

Although the Laboratory did not meet the established target of 98% for this measure, Property Management's process for acquiring control over assets purchased with credit cards is sound and when coupled with our internal controls, makes a compelling argument that partial credit of two points be awarded.

80 % =	Number of personal property items acquired via purchase card that were recorded into the property and financial databases within 72 hours (4)
	Total number of personal property items acquired via purchase card (5)

Measure: Percent of personal property acquired via purchase card is recorded in the property and financial databases within 72 hours of receipt of property.

Target = 98% If the target is met the Laboratory will three points.

14.0 Subcontractor-Held Property

During the 1st and 2nd quarters of FY2006, Property Management completed briefings to the Procurement Groups on subcontractor property. Work continued on refining the FY2006 baseline of subcontractors with Government Furnished Property (GFP) or Subcontractor Acquired Property (SAP).

On February 28, our Property Specialist with assigned responsibility for subcontracts retired. On April 3, our new Property Specialist reported for work. The first priority was to get our new specialist oriented and up to speed on subcontracts.

Systems support completed work on installing the GFP/SAP indicator box on all requisitions in the Procurement system. The box must be checked either yes or no indicating that GFP has been provided or SAP has been authorized in the subcontract. On April 12, the Property Management Group received training on report and query capability using the new data elements. This tool allows Property Management to independently verify that hard copy subcontracts with GFP/SAP authorized have in fact been provided to us by Procurement.

In May, a final baseline of 16 subcontracts with GFP/SAP was established and letters were sent out to subcontractors on June 1.

During the period July through September, follow-up contacts by the core Property Management Group with subcontractors continued in order to determine the status of, and or validate the existence of either GFP or SAP on the 16 subcontracts identified in the baseline. Subsequently the following facts were determined:

- Two of the 16 subcontracts were service contracts, not involving GFP/SAP.
- Six subcontracts contained a Government property clause but no property provided or acquired.
- One subcontractor returned the property and it has been inventoried on-site.

- Two subcontractors inventoried the asset. One subcontractor requested disposition instructions since the asset was no longer functional the other subcontractor had already disposed of the asset.

Of the remaining five subcontracts with accountable GFP or SAP, there are 25 assets which have been verified subcontractors. In all cases the assets have been created in the property database and resolutions have been processed.

100% =	Number of subcontractor-held bar-coded assets inventoried by subcontractors - Those not recorded in the Laboratory property database (25 – 0 = 25)
	Number of subcontractor-held bar-coded assets inventoried by subcontractors (25)

Measure: Percent of subcontractor-held property is identified in the contractor's property inventory database upon review of invoices and/or schedule inventories.

Target = 98% If target is met, the Laboratory will earn seven points.

The Laboratory's performance against this measure reflects a 100 percent inventory on subcontractor held assets; therefore the Laboratory will earn seven points.

15.0 Employee Alignment – Training

Employee training encompasses two populations of employees; the matrixed staff members who support the decentralized property management function in the Divisions and the core property management professional. During the 1st Quarter, it was determined that a total of 28 Property Representatives and Property Coordinators comprise the matrixed staff, and six staff members make up the core Property Management group, for a total potential training population of 34 individuals. For scoring purposes the 34 individuals identified in the 1st Quarter will remain static for the entire evaluation period, and be the basis for computing the percentage of individuals that received training during the year.

In the 1st Quarter out of 28 individuals identified as matrixed staff, 27 of them attended at least one of the five classes. Four of the six individuals in the core Property Group attended at least one training class during the quarter. Therefore, 31 out of 34 identified individuals attended training classes.

In the 2nd Quarter two of the core Property Group attended separate training sessions; the NPMA Western Region Seminar and the DOE-Headquarters Office of Science meeting of DOE and Contractor personnel. Therefore, between the 1st and 2nd Quarters 33 out of 34 identified individuals attended training classes.

During the 3rd Quarter a special all-day Property Management Workshop was held at the Lab, in conjunction with the National Property Management Association, Stanford University and Aero Space. Several matrixed staff members and core property management staff took advantage of the on site training opportunity and attended the session.

Based on the agreed upon scoring methodology, performance for this measure equals 97%. The target rate is 90%.

97% =	Number of personal property core professional staff and staff matrixed to Divisions who completed scheduled training supporting BSC objectives (33)
	Total number of personal property professional 2staff and staff matrixed to Divisions (34)

Measure: Percent of scheduled training supporting BSC objectives, completed by personal property management employees during the period.

Target = 90 % If the target is met, the Laboratory will earn one point.

The Laboratory's performance against this measure reflects a 97 percent of personnel trained; therefore, the Laboratory will earn one point.

16.0 Employee Alignment – Individual Development Plan

The Property Manager has reviewed and updated all Performance Review and Development Plans (PRD) as part of the 2006 Performance Review. All core Property Management staff have Development Plans and Performance Expectations that reflect or are related to BSC objectives. Final reviews with staff against PRDs took place in September.

The Procurement & Property Manager previously directed all supervisors to ensure that all PRDs included a discussion of the employee's general and specific contributions to meeting Balanced Scorecard objectives. In addition, the role of each Property staff member relative to the BSC objectives is a topic of discussion between the Property Manager and staff periodically throughout the year.

The Laboratory will earn two points for this measure.

100 % =	Number of personal property professional staff with an individual development plan based on BSC objectives (3)
	Total number of personal property professional staff (3)

Measure: Percent of personal property professional staff with an individual development plan based on BSC objectives.

Target = 90% If target is met, the Laboratory will earn two points.

The Laboratory's performance against this measure reflects 100 percent of personal property staff with individual development plans; therefore, the Laboratory will earn two points.

17.0 Employee Alignment – Performance Evaluation

The Property Management professional staff will be given an annual performance evaluation which will include measurement against BSC objectives.

The Property Manager completed the annual Performance Review and Development cycle on September 11. Discussions were held with each Property staff member regarding their performance against assigned responsibilities including Balance Scorecard objectives.

In addition, the Property Manager has reviewed and rewritten all personal property professional staff position descriptions so they more accurately reflect current assigned responsibilities thereby creating a stronger linkage to the annual performance evaluations.

The Laboratory will earn one point for this measure.

100 % =	Number of personal property professional staff who have an annual review of performance against BSC objectives (3)
	Total number of personal property professional staff (3)

Measure: Percent of personal property professional staff who received an annual review of performance against BSC objectives.

Target = 90% If target is met, the Laboratory will earn one point.

The Laboratory's performance against this measure reflects 100 percent of personal property staff receiving an annual review of performance against BSC objectives; therefore, the Laboratory will earn one point.

18.0 Optimum Cost Efficiency

Fiscal Year 2006 Summary

IDENTIFIED FOR IMPROVEMENT	WORK STARTED	WORK COMPLETED	IN PROCESS	TARGET COMPLETION
Loans	Yes	No	Yes	July 2007
Borrows	Yes	No	Yes	June 2007
Off Site Controls	No			July 2007
Policies/Procedures	No			March 2007
Decentralization	Yes	No		December 2007
Asset Management System	Yes	No	Yes	April 2007
Asset Retirement	Yes	No	Yes	March 2007
Property Management Improvement Project	Yes	No	Yes	December 2007

1st Quarter Summary

In FY2005, organizational realignments at the Laboratory relocated the Property Management Group from Facilities to the Office of the Chief Financial Officer (OCFO). With the realignment complete, the Property Manager initiated an informal review of the Property Management Program which consisted of three approaches: (1) review the results of all internal and external reports issued on the Property Program during the last two years, (2) meet individually with customers to independently determine existing concerns, and (3) review the internal operations of the Property Management Group.

Following is a summary of the review findings: (1) Allocation of staff was inadequate to address workload, (2) weak outdated policies and procedures, (3) Property Management not decentralized, (4) Asset Management System data suspect, (5) Asset Management System not integrated with other business systems, and (6) roles and responsibilities were not clearly defined.

The first step once the review was completed was to prepare and submit a budget request for additional staffing. The request reflected the need for three additional full time equivalents. Exceptionally tight resources placed the request in a tough competition with other operational and programmatic requests. During November and December, it was determined that a high level, internal Program Review of Property Management could be an asset to drive a successful determination on the budget request. A series of briefings were prepared and given by the Property Manager. The briefings addressed the following core issues: Property Management's responsibilities; workload indicators; contractual requirements and the related consequences of failing to meet those requirements; customer expectations; identified deficiencies and the plan for utilizing the requested resources to address the identified deficiencies. As of December 31, 2005, the briefings had been completed but no decision or formal report by the review committee was issued.

The second step was the development of a Strategic Plan to guide what was determined to be a necessary reengineering of the Property Management Program. Key objectives of the plan were (1) decentralization of the Property Management Program, (2) revise policies and procedures to reflect Federal, Departmental, and Contractual requirements, (3) redefine Property Management's roles and responsibilities, (4) realign and redistribute workload, (5) establish a clear line of responsibility, (6) integrate the Asset Management System with other business functions, (7) improve the quality of data in the Asset Management System, (8) explore implementation of additional data base modules, and (9) develop and implement an ongoing Property Management training program.

Increasing the number of staffing slots allocated to Property Management is essential to moving fast forward with the defined reengineering effort. Therefore, the Strategic Plan is temporarily on hold until the committee makes a decision. It is clear at this time that the key projected outcomes of the Strategic Plan that could be collectively defined as improved performance, increased quality and reduced costs are going to be impacted by the previous insufficient allocation of resources to adequately support the Property Management Program. There are positive indications that improved performance and increased quality will be achieved independently of increased staffing. However, overall the program will see costs being increased in the short to mid term (1-2 years) before efficiencies resulting from implementation of the Strategic Plan begin to pay dividends. Full implementation of the plan is expected to take three years, providing the additional requested resources of three full time equivalents are made available.

Early in the 1st Quarter, it was recognized that the magnitude of fully and successfully implementing the Strategic Plan in this environment of shrinking resources would require the development of a disciplined philosophy that would stay focused on the desired end state regardless of roadblocks and setbacks that may periodically surface. Therefore, we identified (1) policies and procedures, (2) decentralization and (3) the Asset Management System as the critical building blocks or foundation necessary to achieve overall success in implementing the Strategic Plan. These three areas are recognized as being the short term end state, and that to be meaningful, progress on all three must move forward somewhat in step. Allowing one area to advance significantly faster or slower than the other two will detract from the overall efficiency of the effort.

We have started outlining the steps necessary (developing plans) to guide our efforts to move forward on the three key areas identified. The plans are scheduled to be completed in January.

On a separate but related front, as a result of the review of internal operations by the Property Manager, all internal processes are undergoing a thorough, detailed review. The results of the reviews will identify the initial targets for process changes leading to increased performance, quality, and reduced costs. Since the processes being modified are internal to the Property Group, the impacts of improvements are going to be relatively small in the performance area, could be significant in the quality area, and again relatively small in the cost area.

It is anticipated all process reviews will be completed by February 15, targets for improvement identified by February 28, and some process changes identified and implemented by March 15.

2nd Quarter Performance

During the 2nd quarter, work continued on addressing shortcomings in the three areas identified as the critical building blocks for a reengineered Property Management Program: (1) policies and procedures, (2) decentralization, and (3) Asset Management System (AMS). In addition, we continued our review of the processes that are primarily internal to the core Property Management Group. Plans to have detailed outlines completed by January to guide further progress were delayed significantly by a heavy workload compounded by the Laboratory Inventory that started January 2 and concluded March 31. The results were good but the cost on the core Property Group was high.

Policies and Procedures

On February 28, a member of the core Property Group retired, creating an opportunity to begin to change the skills mix and recruit for a Property Specialist with some specific hands on experience in areas needing attention. Our recruitment effort focused on attracting candidates with broad experience in Federal/Department of Energy property management, and specific experience with property management policies, procedures, and performance management. The successful candidate reports to work on April 3. Orientation is expected to take 60-90 days. During the period of time that orientation is taking place, we intend to develop the plan that will guide the review, update, and development of our new Personal Property Policy Manual. The plan is not intended to be detailed but rather to provide parameters to keep us focused on the path forward.

Decentralization

The Property Manager continues to meet on a monthly basis with the Division Business Council, comprised of all Division Business Managers. Business Managers provide a real time interface with the Division Property Representatives and are therefore a critical component when it comes to further decentralizing property management responsibilities down to the divisions. The triangular relationship between the core Property Management Group, Business Managers, and Property Representatives will be the horizontal plane that supports decentralization. The Chief Financial Officer and Associate Laboratory Directors will provide the vertical support, down through line management, to ensure that the necessary environment exists to accept decentralization.

Progress is moving slowly at this time, but by design. The current state of our policies and procedures, and the Asset Management System are not equipped to support a rapid decentralization. It is essential that progress on the three critical building blocks is somewhat parallel; no one building block can be neglected and no one building block will surpass the other two.

Asset Management System

We have continued to identify necessary interfaces between the Asset Management System and other business systems that either do not exist or exist and need to be revised and improved. In addition, we recognize that our Asset Management System, being almost three versions behind, is at risk of not being supported, not to mention what is being lost in terms of functionality.

The Program Review that was initiated during the 1st quarter has been completed in terms of active briefings; however, a final report has not been formally issued to date. However, the Program Review did recognize the need for system support to be current and of high quality. It was also recognized that the task of implementing the necessary improvements to the existing system would require dedicated support of a technical nature that could not realistically be expected to reside within the existing range of the core Property Management staff's skill set.

Although the formal findings of the Program Review have not been documented by issuance of a final report, Information Technology Division has been authorized to recruit for and hire a programmer who will provide dedicated support to Property Management. The recruitment process has concluded and the successful candidate is expected to report to work shortly.

Internal Core Processes:

In addition to the above critical building block initiatives, we completed reviewing the core processes for Loans, Borrows, and Off Site Controls. Previously the three processes were spread over three different staff members. We have consolidated the workloads and processes onto one desk. Duplicative steps have been removed, forms are being reviewed and revised, and a three-month pilot period is to start on April 1. At the conclusion of the pilot period, the temporary policies and procedures used during the pilot will be reviewed and modified, if appropriate, based on lessons learned. On July 1, we will use the new policies and procedures to guide a critical review of all open Loans, Borrows, and Off Site Controls. We expect that as many as 20% of all open actions in the identified categories will be closed out as a result of our review.

3rd Quarter Performance

On March 31, the review committee issued its final report on the Property Management Review. The reports findings, comments and recommendations addressed risks, resources, quality, systems and configuration of the organization. Recognizing that sufficient resources did not exist within the Property Management organization to both address the day to day workload, and reengineer the function the first recommendation was to obtain project management expertise and develop a project plan.

The CFO concurred with the report and the recommendation to view the reengineering of the Property function as a project and pursue obtaining Project Management expertise and support. A Project Manager, Kurt Deshayes was identified in early May. His plan is to develop a detail Project Implementation Plan that flows directly from the Program Review in terms of addressing risks, resources, quality, systems and configuration of the organization. Weekly meetings between the Project Manager, Property Manager and Procurement Manager have jump started the planning process. A Work Breakdown Structure has been developed, as well as an Interview Questionnaire and list of interviewees. The Project Manager feels that within 60-90 days the process will be at a point where resources necessary to implement the plan will be able to be quantified. This will be a critical juncture where executive management will have to determine whether to move forward with the plan.

At this point the Property Management Strategic Plan has been put on hold pending progress on the Detailed Implementation Plan. Once the Implementation Plan has been completed and accepted by management, schedules, milestones, deliverables and budget requirements from the Plan will become the new Strategic Plan.

Pending completion of the Detailed Implementation Plan, progress is continuing on other fronts. Recruitment continues for a dedicated IT resource to support Property Management. Offers were made to two separate individuals during the 2nd Quarter but in neither case could the Laboratory come to terms with them. However, re-advertising the position proved successful and in June an offer was made with a report date of July 17, to a highly skilled IT resource. Property Management has been working with IT to develop a work plan for the new hire. Orientation will include LBNL IT orientation, Property Management orientation, meetings with LLNL and training at the Sunflower Academy. Initial work efforts will include bringing Sunflower to the current version, we are currently three versions behind and developing and installing a critical interface between People Soft and the Asset Management System at Receiving. Orientation and the initial work effort are estimated to take four months. In the meantime, a prioritized work plan is being developed that will extend out eight months after the completion of the initial effort.

Having a dedicated IT resource provides us with a tremendous opportunity to implement significant improvements to the Asset Management System during the next year.

Internal Core Processes

Efforts to improve the policy and procedures for Loans, Borrows and Off Site controls, in terms of efficiency and quality, continue. The detailed file review scheduled to begin on July 1, started on June 1, one month early. This review has a focus on Loans created in 2002 and earlier, with the objective to determine whether, in fact, the loans are valid per current requirements. Our expectation is that several Loan Agreements will be closed as a result of the review. At the conclusion of this effort Loans originated in 2003 through 2005 will be reviewed. The current review includes domestic loans only. Foreign loans will undergo the same process later this year.

As we move through the process, we are gathering data to support a determination of cost savings as a result of implementing new policy and procedures. To date we are unable to quantify the data we have in terms of costs savings, other than to recognize that a final cost savings calculation will be comprised of a cost savings component and a cost avoidance component.

In addition to the continued effort on Loans, Borrows and Off Site Controls we have started to review our various Material Passes (off site use) and our process for Asset Retirement for opportunities for increased efficiencies. We will be reviewing policy, procedures and forms using the same approach applied to the Loans and Borrows. Off site passes and Asset Retirement, being smaller and more compact processes will allow us to complete the review efforts prior to the completion of the 4th Quarter.

4th Quarter Performance

The period July through September has seen a substantial amount of positive activity in Property Management and related progress in several key areas.

Asset Management System

Henry Chen, Property Management's dedicated IT resource reported to work on July 17. After a week of on site orientation, he and core Property staff member David McFann were sent to Sunflower Academy for two weeks of intensive training. During the time training was taking place, negotiations with Sunflower were being finalized to have Sunflower support and manage the upgrading of LBNL's AMS, currently three versions behind. Both Henry and David will play critical roles in the upgrade process. The Laboratory is investing $30K to upgrade to version 4.5 and an additional $70K in new barcode scanners in order to maximize the increase in functionality provided by the upgrade. The upgrade is scheduled for completion by October 31, and will be followed by several in house training sessions for the core Property Group, Divisional Property Representatives, and Property Coordinators.

The upgrade to version 4.5 and the acquisition of new barcode scanners will provide the necessary infrastructure to better support the wall to wall inventory scheduled for January 2007, and the related planned data scrub of the AMS.

In addition to providing in house support to Sunflower during the upgrade process, Henry has started to work on the priorities Property Management has established as necessary to further integrate AMS with other Laboratory systems. Most important is the interface needed with People Soft at Receiving to allow property data to flow seamlessly from one system to another without manual re-entry. We have included Receiving and Property Accounting personnel to ensure all impacted functions participate. We have identified several work efforts for Henry to address once the upgrade and initial interface at Receiving are completed. We have estimated it will take between 12-18 months of dedicated IT support to have the full functionality of version 4.5, and the related interfaces in place and tested.

Our upgraded AMS will play a key role in providing the necessary tools and support to divisional Property Representatives as we further decentralize the Property Management function. It will also provide a much needed report generation capability to the core Property Management Group to allow for increased quality, timely processing, and improved oversight. In all, the Laboratory's investment in upgrading the system and acquiring the new barcode scanners is a long term investment in the Property Management Program that will generate cost savings and cost avoidance in future years. It will lead to increased efficiencies, strengthen internal controls, and provide objective documentation of the level of control the Laboratory maintains over Government assets.

Property Management Improvement Project

The Property Management Improvement Project (PMIP) is making measurable progress. The Project Manager, Kurt Deshayes has identified Project Sponsors, a Steering Committee, and a Project Team. Roles and responsibilities have been defined and meetings have and continue to be held. Questionnaires have been developed and interview candidates have been identified. The candidates represent a cross section of Laboratory personnel, customers, stakeholders; the Property Managers and staff from LANL and LLNL; and Property Managers that were willing to participate from other Office of Science facilities. Approximately one half of the estimated 40-50 interviews have been completed at this time.

The Property Manager and the Project Manager meet on a weekly basis to discuss progress relative to the schedule, and how things are progressing in general. Currently the focus is on completing the interview schedule.

We estimate that a document sufficient to identify and propose the resources and degree of decentralization necessary to address the risk identified by the Program Review will be ready in the December-January timeframe.

Brillient Corporation

In August, the Laboratory contracted with a small business, Brillient Corporation, to conduct testing of the quality of the data in Property Management's database, the Asset Management System, and the various processes that feed the database including some of our inventory processes. The intent was to obtain an independent, objective assessment of the quality of our data and to determine whether or not generally accepted practices exist that would benefit us in our planned database scrub. One week was spent on site conducting live testing of the database, data mining, and pulling samples. The data was analyzed offsite, with a final debrief and report delivered to the Laboratory on September 28.

The results of this effort will be used by the core Property Group to plan how best to execute the data scrub we plan on conducting during the wall to wall inventory in 2007, and whether any software exists that may support the effort, especially in the area of standardizing our nomenclature. In addition, the results in terms of recommendations will be used to provide independent support to the Project Manager for the PMIP.

Internal Core Processes

The detailed file review of Loans, Borrows, and Off Site Controls initiated in the 3rd quarter continues. Heavy workloads in other areas have impacted our schedule but progress is being made. We remain confident that the review will result in the closure of 20% of open actions. We have targeted December 31, 2006, to complete the review.

We are in the process of consolidating Foreign Loans into the same workload as Domestic Loans and assigning them to the same core staff member. The review of Foreign Loans will begin on January 1, 2007.

A determination of cost savings, cost avoidance and increased efficiency can only be accomplished at the conclusion of the entire review, sometime FY2007. An accurate determination of savings will take into consideration the savings from consolidating the workload onto a single desk, the cost avoidance considerations of not having to maintain agreements that by definition are not loans, and the savings that will accrue from applying a more structured business model to the loan process.

We completed a review of off site property passes during the 4th quarter. Three different documents were in use for similar to identical purposes, not including collaborative efforts where the Off Site Control is utilized. All three documents have been consolidated into a single standard Property Pass for taking and tracking assets off site. During FY 2007, during the review of Off Site Controls, we will revisit our new Property Pass and evaluate the benefits of using it in place of our current Off Site Control form.

During the 4th quarter, significant changes were made to our asset retirement process. The old form was updated to require a division to provide sound auditable justification for requesting that an asset be retired from the Asset Management System. The new form also requires three levels of signatures to request a retirement, culminating with the Division Director. Changes to the core's responsibility for processing a retirement request include a series of checks and balances. First, a retirement will not be processed without the current form properly completed by a division. Second, each request is reviewed and signed off by the Property Manager approving it. Third, the review and sign off cannot be accomplished by the

same individual effecting the retirement in the AMS. In addition, a copy of each Retirement is routinely sent to Security for their information.

During FY 2006, several major efforts have been initiated that will not culminate until FY 2007. The efforts represent "capital" investments in the Property Management program and will significantly improve the existing infrastructure that supports the program at the Laboratory.

Measure: Evaluation of the Property Management function and identification of process improvements.

Target = Identify, develop, document, and where possible implement opportunities for improvements. If target is met, the Laboratory will earn ten points.

Based on the Laboratory's performance against this measure the Laboratory will earn seven points.

19.0 Fleet Composition

The goal of this measure is to determine the number of trips made in each non-law enforcement sport utility vehicle (SUV) that required driving on non-standard road conditions as compared with the total number of SUV-driven trips.

NOTE: Since there are only four SUVs in the Laboratory's fleet – three are used by Security and one by Emergency Services – no points were assigned to this measure and no points may be earned.

20.0 DOE Fuel Reduction Requirement

The purpose of this measure is to trend a decreasing use of petroleum consumption when compared to 1999 usage, with a target of attaining a 20 percent reduction by the year 2008. The Laboratory's consumption in 1999 was 112,918 gallons. FY 2006 consumption was 74,263 gallons representing a 34 percent reduction in petroleum consumption.

34% reduction =	1999 consumption (112,918 gal.) - 2006 consumption (74,263 gal.) = 38,655 gal.
	1999 consumption = 112,918 gal.

Note: Since FY2003 the Laboratory has utilized Bio-Diesel fuel containing 20% non-petroleum products. A distribution from Faye Zimmerman, Department of Energy Headquarters, April 13, 2005, confirmed in writing that all Bio-Diesel consumption is considered to be a 100 percent reduction in petroleum consumption, and not just a 20 percent reduction. Therefore, based on DOE-HQ's confirmation Bio-Diesel fuel use has not been included into the Laboratory's usage level.

The Laboratory continues on track to meet the 2008 goal of reducing petroleum usage by 20 percent.

Measure: Percent of reduced petroleum consumption within entire motor vehicle fleet, as compared with FY1999 petroleum consumption levels.

Target = 20% Reduction If target is met, the Laboratory will earn four points.

Based the Laboratory's performance against this measure the Laboratory will earn four points.

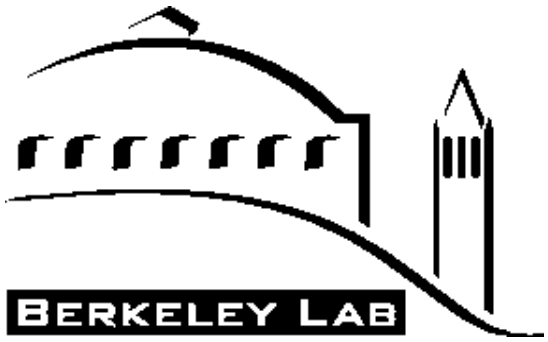
ATTACHMENT B
FY2006
BERKELEY LAB
BALANCED SCORECARD

#	REF	OBJECTIVE	CM #	CORE MEASURES	CORE ELEMENTS	TARGET	POINTS AVAILABLE	POINTS EARNED
				Customer Perspective				
1	B-12	**EFFECTIVE SERVICE/PARTNERSHIP** (i.e., responsiveness, cooperation, quality, timeliness, and level of communication.	1-a	External customer satisfaction: Extent that external customers are satisfied with specific personal property products and services.	TIMELINESS: Extent of external customer satisfaction with the timeliness of specific personal property products and services or percent of products and services that were delivered to external customers in a timely fashion.	80%	5	5
			1-b		QUALITY: Extent of external customer satisfaction with the quality of the information and services provided or percent of products and services that met external customers' quality expectations.			
			1-c		PARTNERSHIP: Extent of external customer satisfaction with the responsiveness , cooperation, and level of communication with the personal property office.			
2	B-13		2-a	Internal customer satisfaction: Extent that internal customers are satisfied with specific personal property products and services.	TIMELINESS: Extent of internal customer satisfaction with the timeliness of specific personal property products and services or percent of products and services that were delivered to internal customers in a timely fashion.	80%	5	5
			2-b		QUALITY: Extent of internal customer satisfaction with the quality of specific personal property products and services or percent of products and services that met internal customers' quality expectations.			
			2-c		PARTNERSHIP: Extent of internal customer satisfaction with the responsiveness , cooperation, and level of communication with the personal property office.			
3	B-14		3-a	Accuracy of and consent to property assignments (internal): Percent of sampled property items confirmed by the accountable individual or organization as being properly assigned.	Percent of sampled sensitive items confirmed by the accountable individual or organization as being properly assigned .	98%	5	4
4			3-b		Percent of sampled equipment items confirmed by the accountable individual or organization as being properly assigned .	98%	5	5
				Internal Business Perspective				
5	B-22	Effective Life Cycle Management of Assets to Meet Departmental Missions	1.-a	Asset Accountability: Percent of equipment and sensitive property subject to physical inventory located during inventory.	Percent of equipment property inventory located during physical inventory by acquisition cost.	99%	9	9
6					Percent of equipment property inventory located during physical inventory by items.	98%	9	9
7					Percent of sensitive property inventory located during physical inventory by acquisition cost.	99%	9	9
8					Percent of sensitive property inventory located during physical inventory by items.	98%	9	9
9	B-23		2-a	Equipment Utilization: Percent of equipment meeting Federal or local utilization standards or objectives.	Percent of discretionary motor vehicles meeting utilization standards and objectives.	90%	5	3
10					Percent of essential motor vehicles meeting utilization standards and objectives.	90%	5	3
11	B-24		3-a		Percent of increase in the volume of items reported excess and disposed of within 180 days as compared with the previous cycle.	8%	3	3
12		Use of Information Technology to Improve Asset Management Performance	2-a		Percent of surplus items sold using "on line" sales media during the year.	10% per year for two years	3	3
13		Ensure that personal property acquired via purchase card is recorded in the property and financial management systems.	3-a	Personal property is not allowed to be purchased with a Purchase Card, unless an exception is granted by the Property Manager.	Percent of personal property acquired via purchase card is recorded in the property and financial databases within 72 hours of receipt of property.	98%	3	2

ATTACHMENT B
FY2006
BERKELEY LAB
BALANCED SCORECARD

#	REF	OBJECTIVE	CM #	CORE MEASURES	CORE ELEMENTS	TARGET	POINTS AVAILABLE	POINTS EARNED
14		Ensure that subcontractor held personal property is recorded in the contractor's property management system.	4-a		Percent of subcontractor-held property that is identified in the contractor's property inventory database upon review of invoices and/or scheduled inventories.	98%	7	7
				Learning and Growth Perspective				
15	B-33	Employee Alignment	2-a	Employee Alignment: Percent of property management employees having performance expectations and training requirements that respond to BSC objectives.	Percent of scheduled training, supporting BSC objectives, completed by personal property management employees during the period.	90% scheduled training completed	1	1
16			2-b		Percent of personal property professional staff with an individual development plan based on BSC objectives.	90% of personal property professional staff have individual development plans.	2	2
17			2-c		Percent of personal property professional staff that received an annual review of performance against BSC objectives.	90% of personal property professional staff receive annual performance reviews	1	1
				Financial Perspective				
18	B-38	Optimum Cost Efficiency of Property Management Operations	1-a	Evaluation of the Property Management function and identification of process improvements.		Identify, develop, document and implement opportunities for improvements.	10	7
19		Ensure the fleet is comprised of vehicles needed to meet the site's mission and still achieve maximum economy and efficiency.	2-a	By each non-law enforcement sport utility vehicle (SUV), compare the number of trips made that required driving on other than normal road conditions with the total number of trips the SUV made.	Note: All SUV's at LBNL are used by either Security or Emergency Services organizations.	N/A	0	0
20		Ensure DOE meets the reduction of petroleum consumption requirement of Executive Order 13149.	3-a	The percent of reduced petroleum consumption within entire motor vehicle fleet, as compared with FY 1999 petroleum consumption levels.		As compared with FY 1999 petroleum consumption levels, for FY 2006, demonstrate a significant improving trend in reducing the net petroleum consumption, and by FY 2008 achieve at least 20 % petroleum consumption reduction.	4	4
						TOTAL POINTS	**100**	**91**

SCORING STRUCTURE:
90-100 Points = Outstanding
80-89 Points = Excellent
70-79 Points = Good
60-69 Points = Marginal
<60 Points = Unsatisfactory



Fiscal Year 2006

Performance Evaluation and Measurement Plan (PEMP)

Human Resources Balanced Scorecard Plan

Lawrence Berkeley National Laboratory

University of California Laboratory Management Office

Department of Energy - Berkeley Site Office

Prime Contract No. DE-AC02-05CH11231

Introduction

The Human Resources Functional Managers from the Department of Energy (DOE), University of California Laboratory Operations (UCLO), and Lawrence Berkeley National Laboratory (LBNL) have agreed to assess FY2006 performance according to the methodology described below.

Methodology

The Laboratory will analyze its Balanced Scorecard activities in order to demonstrate its success in achieving an effective Human Resources Management System.

FY 2006 Target: Achievement of the following will demonstrate "B+" level of performance:

Best practices or national standards have been reviewed and/or developed, and a gap analysis completed for 11 activities; in addition, transition plans responsive to the gap analyses have been developed for 6 activities, and implemented for 2 activities. For activities not requiring a gap analysis, responsive action has been identified and initiated.

Range of Targets, from "A" to "F"*:

Performance Level	Gap Analyses	Transition Plans	Implemented Activities
"A"	11	8	3
"B+"	**11**	**6**	**2**
"C"	11	3	0
"D"	8	1	0
"F"	6	0	0

Score

Balanced Scorecard Category	Activity	Gradient Level
Customer	• Customer Input 1. The Department Head will meet with key Lab management customers to assess whether the Department is meeting Laboratory business needs.	4.2 * 10%
Financial	2. Conduct CIP spend analysis over the last three fiscal years.	4.2 * 5%
Internal Processes	• Electronic Process Improvement Project – E-PIP 3. Implement Phase I of the percent time change business process. 4. Map Termination business process. 5. Develop recommendations for the Graduate Student Re-Engineering process. • Scientists and Engineers (S&E's) Compensation Design Project 6. Design an alternative to using maturity curves as a way for administering pay for S&E's. 7. Develop the administration process once the new pay program has been designed. • HR Department Accreditation 8. Actively support the University of California's pilot to develop standards and a process for assessment	 3.8 * 10% 4.0 * 10% 3.4 * 10% 3.6 * 10% 4.2 * 10% 4.2 * 10%
Learning and Growth	• Training and Development 9. Establish Berkeley Laboratory Institute 10. Roles and Accountabilities of Managers training will be updated. Labor and Employee Relations training will be consolidated. Both courses will be launched. 11. Percent of Managers and Supervisors who have complied with AB1825 (Sexual Harassment) training requirements. Target: 85% trained by 1/31/06; 95% trained by 9/30/06.	 4.3 * 10% 4.3 * 10% 4.3 * 5%

Performance Summary

During this performance period, Human Resources (HR) has implemented 9 of 11 activities. HR best practices have been used as the basis for the four balanced scorecard categories. We have achieved an overall score of A (4.0).

Balanced Scorecard Category	Activity	Weight
Customer	1. The Department Head will meet with key Lab management customers to assess whether the Department is meeting Laboratory business needs.	10%

In FY03 and FY04, a customer satisfaction survey was used to measure the Operations' organizations. It had a complex algorithm which assigned red, yellow, and green colors to generalized areas, e.g., customer service, quality, etc. The same questions were asked for all of the Operations' organizations regardless of services provided or service delivery approach.

We feel strongly that meeting individually with Laboratory managers results in far superior input and discussion than a formal on-line survey. It allows the managers to speak frankly and develops a rapport between HR management and Laboratory management. As in any business, this rapport is essential for establishing and maintaining HR's role as a strategic partner.

The Interim Department Head held numerous conversations and meetings with division leaders and department heads during the period from August 2005 through June 2006. The highlights of those meetings follow below, including specific activities which have been carried out.

The Interim Department Head spoke with S. Chu, G. Fleming, D. McGraw, B. Feinberg, J. Fernandez, H. Reed, G. Reyes, H. Hatayama, S. Merola, M. Banda, G. Woods, J. Kirz, M. Levine, B. Bodvarrson, J. Siegrist, J. Symons, S. Gourlay, and K. Robinson.

To summarize their input:

What's Working Well:

- Most customers are satisfied with the level HR support they receive and are pleased with our distributed model of providing HR services, with the exception described below.
- There was general acknowledgement that the overall level of competence and customer service had improved.
- There was also the feeling that HR has been responsive to problems that arise.

What's Not Working So Well:

- Customers in General Sciences were not satisfied with their level of HR support.
- Customers in most Divisions were not satisfied with their level of Recruitment support.

The results have been analyzed and corrective actions initiated and implemented.

In the General Sciences HR Center, a detailed analysis was conducted regarding the necessary staff levels and competencies needed to support the General Sciences Divisions. The analysis resulted in a recommendation to move the Laboratory Directorate Support to the Operations HR Center; this was adopted and implemented. Specific to the General Sciences HR Center, the recommendations were to reduce the HR Center Manager role to 25% from 100%; to maintain the level of 2 FTE's of HR Generalist support; to restore the HR Assistant support from .75 FTE to 1.5 FTE; and to add an additional .25 FTE Student Assistant support. These recommendations were accepted by the leadership of General Sciences and implemented in early July 2006.

The specific feedback from the divisions regarding Recruitment was that the service provided was inconsistent; a one-size fits all recruitment plan did not meet their needs. There was confusion among the roles between hiring supervisors, HR Center staff and recruiters. To address these issues, Recruiters have been co-located with the HR Centers whose Divisions they support. This mirrors the distributed model which has worked well. The purpose is to facilitate the communication between HR Center staff and the Recruiters as well as facilitate the interactions between the Recruiters and hiring managers. We have also launched a Recruitment "Nuts and Bolts" project to give tools and standardized guidance to HR Center staff and Recruiters. There were two key documents developed as part of this project: the Recruitment Plan and the Recruitment Expectations. The Recruitment Plan identifies the level of recruitment activity, diversity goals, and advertising plans, etc., and importantly, who is responsible for what actions. This document then becomes our service level agreement. The Recruitment Expectations document ensures consistency in our delivery of recruitment services across the Laboratory.

Supporting documentation is available.

We have achieved the implemented level for this activity.

Balanced Scorecard Category	**Activity**	**Weight**
Financial	2. Conduct CIP spend analysis over the last three fiscal years.	5%

LBNL employs multiple compensation strategies for attracting, retaining, and motivating employees. These strategies include:

- Designing compensation pay programs which are competitive with the external market.
- Adopting a pay for performance philosophy as part of the salary management strategy.
- Allowing flexibility in the pay program to deal with unique situations.

Competitive compensation program design

Pay structures: LBNL participates in third party market surveys which have been approved for use by DOE and UCOP. These surveys are completed annually and are representative of the labor market from which the Laboratory competes for talent. LBNL has traditionally used maturity curves (external market based on when an employee received their bachelor's degree) for analyzing and administering scientific pay. Starting in FY01, it was recognized that the external market pay was different for scientists specializing in computer sciences, physical sciences, and life sciences. At that time, DOE and UCOP approved the use of maturity curves that recognized these differences in the external market. Also, in FY01, LBNL recognized that scientists who have supervisory/management responsibilities are paid a premium in the market. As such, LBNL established separate maturity curves which recognized these market differences. Thereafter, LBNL has realigned the maturity curves as part of the external market analysis used in the annual Compensation Increase Plan (CIP) submittal.

During FY06, a design project was undertaken to replace the maturity curve approach with a job content approach for analyzing and administering pay for scientists. Again, the intent was to implement a program which best reflects the changes in the external market in order to remain competitive. This project will be further discussed in the "Scientists and Engineers (S&E's) Compensation Project" portion of this report.

CIP allocation: LBNL consistently lags the external market as evidenced by the annual CIP submittals. The requested CIP allocations have traditionally been less than the Laboratory's cost to market primarily due to affordability concerns. As such, the CIP allocation has been strategically distributed in the following manner:

- Division needs: During the period identified in this PEMP, scientific divisions were consulted to determine the CIP allocations needed for them to remain competitive with their labor market while at the same time considering affordability. CIP allocations were distributed based on these conversations. In FY06, the LBNL CIP request was relatively low. As such, the same merit allocation was distributed to each scientific division. It was determined at that time that a larger than normal (1% rather than the typical 0.5%) HR controlled fund would be held back in order to accommodate promotions, reclassifications,

equity, or other unique situations. Thus the Laboratory could then be more strategic with the limited overall CIP allocation.

- HR held allocation: As noted above, HR holds a portion of the CIP allocation for promotions, reclassifications, equity, or other unique situations. An example of a unique situation would be a base pay increase used for retention purposes. As situations occur which indicate either an issue(s) with internal equity or external market concerns, this allocation is used to make appropriate salary adjustments.

Pay for performance

LBNL has a pay for performance philosophy. Each year, all Laboratory employees receive a performance review. During the annual salary process, performance is reviewed as a consideration for pay increases. The scientific divisions have traditionally ranked scientists in peer groupings. These rankings often take the place of actual performance ratings. Pay increases have been determined based on these rankings and position along the maturity curve.

For FY06, the Laboratory developed the concept of identifying jobs that are "key" and employees that are "star", "high", and "low" performers. The definitions for these categories were refined for the FY07 annual salary process. The concept of identifying these jobs and employees is to strategically assist in:

- Determining jobs where succession planning is important.
- Identifying the future leaders either in management roles or in their specialty field.
- Determining development plans to prepare the employee for the future roles.
- Reviewing compensation position in relation to other employees.

For FY07, guiding principles for determining pay were incorporated into the annual salary management process. These guiding principles emphasize the importance of performance, value added, market position, and internal equity. Each division is asked to incorporate these considerations into their salary planning.

> *Annual salary review process:* Scientific pay actions are reviewed by the Laboratory Director and the Deputy Director. Each scientific division director has to support the pay strategy that was used. In addition, they have to show and explain the reasoning for the pay increases given to employees that are in "key" jobs or are identified as "star", "high", and "low" in relation to the other scientific jobs and employees in their division.

Performance bonus programs: LBNL has two performance bonus programs which are used to recognize accomplishments of employees. They are the Outstanding Performance Award (OPA) and Spot Award programs. They provide lump-sum payments for individual or team accomplishments. For FY03 to present, scientists have received a combined 272 awards equaling $304,847.

Flexibility of the pay program

There are a several programs that are used to handle unique situations to attract and retain employees. These include:

Equity pay increases: Many equity issues are resolved using some merit allocation because they are not significant problems. However, there are instances where a large allocation is needed to adjust pay to better align an employee or job classification with either internal comparators or the external market. In these cases, the CIP allocation that is centrally held in HR is used to make these adjustments. For FY03 to present, scientists have received 39 equity adjustments that have equated to combined annualized salary increases of $229,833.

Retention pay increases: On occasion, there is the need to increase the pay of a scientist in order to retain them based on an external job offer. For FY03 to present, scientists have received 13 retention adjustments for combined annualized salary increases of $122,010.

Hire bonuses: The Laboratory, at times, will provide an extra incentive to attract an external candidate who has unique or critical skills. For FY03 to present, there have been 10 hire bonuses made to scientists for a total of $140,500.

We have achieved the implemented level for this activity.

Balanced Scorecard Category	**Activity**	**Weight** **60%**
Internal Processes	• Electronic Process Improvement Project – E-PIP 3. Implement Phase I of the percent time change business process. 4. Map Termination business process. 5. Develop recommendations for the Graduate Student Re-Engineering process.	

The goal of the E-PIP project is to eliminate paper transactions for common HR business processes and is a multi-year project started in FY05. We have been using a modified 6-Sigma approach for our re-engineering activities: Define, Measure, Analyze, Implement, and Control or DMAIC.

Activity 3

We completed Phase I of the percent time change business process. We finalized our new TO-BE business process, gathered metrics on our current process, and implemented those process changes not reliant on the implementation of workflow; consequently, Phase I remains a paper-based process.

In order to go to a paperless process, we needed to upgrade to a new version of PeopleSoft HRMS. The upgrade was started in January 2006, and we plan to go live with the PeopleSoft HRMS version 8.9 in early November 2006.

We can then start to implement Phase II which will result in a paperless process. Phase II is composed the following activities: specifying business rules, developing workflow specifications, implementing the specifications, and testing before going live.

Supporting documentation is available.

We have achieved the implemented level for this activity.

Activity 4

We have completed the mapping of the current termination process or the AS-IS process. We have developed metrics and have developed the TO-BE process. In addition we have conducted a preliminary analysis of data gathered for the metrics. Not all metrics have data at this point because of the system upgrade to 8.9 has severely limited our resources.

Supporting documentation is available.

We have achieved the implemented level for this activity.

Activity 5

We have finalized our current AS-IS process for the graduate student re-engineering and have established metrics. We completed interviewing two UCB campus departments to get a better understanding of how they handle the processing of their Graduate Student Re-Engineering Process (GSRA) appointments. These two departments have the majority of our GSRAs. We have documented our findings and developed recommendations for management input. Implementation would occur in FY07.

Supporting documentation is available.

We have achieved the implemented level for this activity.

Balanced Scorecard Category	**Activity**	**Weight**
Internal Processes	• Scientists and Engineers (S&E's) Compensation Design Project 6. Design an alternative to using maturity curves as a way for administering pay for S&E's.	

	7. Develop the administration process once the new pay program has been designed.	

Activity 6

Background

LBNL has traditionally used "maturity curves" (pay comparisons based on when an individual received their Bachelor's degree) for analyzing and administering S&E compensation. The Laboratory has relied on independent, third party surveys (i.e. Hewitt R&D Survey) to obtain and determine the Laboratory's relative pay position compared to the external labor market. These comparisons are presented to the University of California Office of the President (UCOP) and the Department of Energy (DOE) on an annual basis when requesting "pay increase" allocations and used by LBNL management for administering pay actions.

During survey years 2002 through 2004, both the number of companies and incumbents represented significantly decreased in the Hewitt Survey. This trend led to inconsistent market comparisons and led the Laboratory to question the validity of the data. Ultimately, Hewitt discontinued the survey. In addition, based on an informal survey conducted by LBNL Compensation, it became clear that most DOE National Laboratories were no longer using maturity curves as the primary methodology for determining labor market comparisons and administering pay for S&Es. Currently, the "Clark Consulting R&D Survey" is the only significant third party maturity curve survey. This survey has both maturity curve and benchmark data. Because of these issues, the Laboratory decided to consider alternatives to the "maturity curve" approach for analyzing external market competitiveness.

Research

In order to design a new program, it was important to understand:

- The Laboratory's labor market.
- Compensation programs used at other DOE laboratories and top-tier universities.

Laboratory's labor market: we analyzed S&E hire and voluntary termination data for the period spanning from January 2003 through September 2005. Hires and terminations were placed into three categories:

- Private sector and government (excluding other DOE laboratories)
- Universities
- DOE Laboratories

The results indicated that S&Es are hired from or went to both the private sector/government and universities almost equally. In addition, roughly 10% of the

S&Es either came from or went to other DOE laboratories. This indicated that the market comparisons (i.e. survey data) needed to reflect a broad, rather than narrow, market.

External compensation programs: Once the labor market was defined, site visits were arranged with various DOE laboratories and Universities for the purpose of understanding their S&E compensation programs. The laboratories and universities visited were:

DOE Laboratories	***Universities***
• Argonne National Laboratory • Brookhaven National Laboratory • FERMI National Accelerator Laboratory • Lawrence Livermore National Laboratory • Oak Ridge National Laboratory • Stanford Linear Accelerator Center	• Harvard University • MIT • Stanford University • UC Office of the President • UC Berkeley

In general, it was found that:

DOE Laboratories	***Universities***
• Disciplined pay practices and approaches. This is typically required by DOE contract. • Pay structures were based on job content rather than maturity curves. • Used third party market data showing compensation for other laboratories and the private sector. • Growing concern over anti-trust laws.	• Less disciplined approach as compared to DOE laboratories. • May or may not have pay structures. If there are pay structures, may pay outside established pay ranges. • Do not use maturity curves, but may use internal comparison curves. • May or may not use external market data. Informal network of Department Heads contacting peers at other universities. • Growing concern over anti-trust laws.

Summary of research: The following can be concluded by the research:

- LBNL hires from and voluntarily looses S&Es to a diverse market consisting of private sector companies, other governmental agencies, other DOE laboratories, and universities.
- DOE laboratories and universities have distinctive approaches to S&E compensation in which universities are significantly less disciplined in analyzing the market and administering pay programs.
- Market comparisons and salary structures based on job content, rather than maturity curves, are the primary method for determining and administering pay.

Pay Program Design

Objectives: The objectives of the S&E compensation design were to:

- Replace the maturity curve approach of analyzing and determining pay for S&Es with a program which was market competitive.
- Establish a program which would support the Laboratory's strategic needs of attracting and retaining world class scientists.
- Be internally fair, equitable, and easily understood.

Design consideration: during the time in which the S&E Compensation Design Committee (SCDC) was developing the new S&E program, another committee, the Scientific Advancement Committee (SAC), was redefining the process for the advancement of scientists. Their recommendations included proposals on scientific job classifications and job definitions. However, their proposals could not be implemented until after the FY07 salary administration process (pay increases effective October 1, 2006) due to internal and external approval requirements. As such, it was decided to implement the recommendations of the SCDC in a phased approach. This would allow the use of a job content methodology rather than a maturity curve methodology for analyzing and determining pay increases.

The phased approach consisted of:

Phase 1

- Establishing pay structures (discussed below) based on current S&E job titles and job content market data.
- Using the salary structures and market references to determine employee pay relationships to the market and assist in making salary decisions.

Phase 2

- Finalizing pay structures based on the SAC proposal.

- Implementing the new S&E compensation methodology (i.e. submittal to DOE and UCOP for certification, employee communications, HRIS changes, and determining and moving employees into the new job classifications).

Phase 1 salary structure design: Salary structures based on job content were developed which:

- Represented the broad functional areas that are currently used at the Laboratory. The functional areas represented scientists in the physical sciences, computing sciences, and life sciences. These represent distinct specialties that are compensated differently in the market. Current job titling was also used to serve as an interim approach until the phase 2 approvals are received. This allows for a smoother transition to the new compensation approach.
- Had broad range spreads from the minimum to the maximum of the salary ranges. This allows for the use of the broader functional area approach. In addition, this allows for the incorporation of scientific managers into their scientific job titles.
- Established market reference zones (MRZ) based on the market data. This is a UCOP and DOE approved approach that is used for other non-represented jobs at the Laboratory. These market reference zones give the Laboratory an idea of competitive target zones for scientists. This is also easy to understand in relation to explaining the Laboratory's compensation approach.

Supporting documentation is available.

As we are awaiting UCOP approval of policy changes recommended by the Scientific Advancement Committee, we are unable to advance to the implemented level during this fiscal year. We have achieved the initiated level.

Activity 7

<u>Administration</u>

The Laboratory wanted to use this new approach for the annual pay increases that are effective on October 1, 2006. As such, the following was implemented to facilitate the process:

- Each scientific division operates as a separate business unit with different customers, budget sources, and objectives. As such, a "one size fits all" approach to salary administration does not work in this environment. However, there are "guiding principles" which all divisions agreed are considered for salary administration. These principles include long and short term performance, value of the job and employee, internal equity, and external market. All divisions have to meet with the Laboratory Director to explain the methodology that was used to determine salary increases.

- In FY06, the Laboratory started identifying jobs that are "key" and employees that are "star", "high performers", or "low performers". These concepts have been incorporated into the new compensation approach that is used for S&Es. Employees that fall into one of these categories are compared to other employees in the division. This information is discussed with the Laboratory Director as part of the salary review process.

For new hires and other S&E pay actions, comparisons similar to those identified above will also be made. Further refinements to the administration process will occur once phase 2 approvals are received.

We have achieved the implemented level for this activity.

Balanced Scorecard Category	Activity	Weight
Internal Processes	• HR Department Accreditation 8. Actively support the University of California's pilot to develop standards and a process for assessment.	

Activity 8

We have been active participant in UC's HR Department Accreditation Pilot.

We attended the kick-off meeting hosted by UCOP on 12/14/05. At that meeting all pilot participants were asked to provide high-level input on the suggested standards which had originally been generated through DOE and Contractor HR input. We were also asked to provide the National Academy of Public Administrators (NAPA) with data input. This input was submitted on 12/21/05.

As part of the project plan for Phase II, we attended a follow-up meeting on 1/18/06, and participated in a half-day, on-site meeting with HR Managers, where we provided more input on the revised standards.

On May 22, we provided input to NAPA on the proposed standards with regard to their clarity, completeness and appropriateness. HR managers were involved in providing this input.

On June 21, we participated in a NAPA sponsored meeting. At that meeting a draft Preliminary Self-Assessment Process document and a draft Assessor Guide were distributed.

On July 20, we attended a meeting with the Head of the Board of Regents, the President of NAPA, various NAPA panel members, Bruce Darling, and other UCOP

Managers which emphasized the importance of this project to the Regents and to express UCOP's strong support to the pilot groups participating. At the following Regent's meeting, the President of NAPA made a presentation to the Board of Regents.

On August 11, we submitted our final review of the draft accreditation standards. The next activity starts on October 1, to kick off the preliminary self-assessment process. We have achieved the implemented level for this activity.

Balanced Scorecard Category	Activity	Weight
Learning and Growth	• Training and Development 9. Establish Berkeley Lab Institute 10. Roles and Accountabilities of Managers training will be updated. Labor and Employee Relations training will be consolidated. Both courses will be launched. 11. Percent of Managers and Supervisors who have complied with AB1825 (Sexual Harassment) training requirements. Target: 85% trained by 1/31/06; 95% trained by 9/30/06.	25%

Activity 9

BLI was launched in January 2006 to help fulfill two primary Laboratory goals: Director Chu's desire to improve manager competencies and professionalism; and the specific goal of supervisor training as listed in the Operations FY06-08 Strategic Plan under the objectives section "operational excellence through continuous improvement...to develop human capital throughout the Laboratory." Since its inception, 1,896 employees have participated in just over 100 BLI courses and workshops. Of the 27 individual course topics offered (many of which were offered more than once to make the just over 100 total courses), most were developed in-house using content and/or subject matter experts, with the exception that outside instructors were brought onsite for 9 course topics. The courses were delivered through 4 primary BLI series: the Supervisor Development Series, the How-To Series, the Leadership Development Series, and the Scientist and Technical Professional Series. All participants were asked to fill out feedback forms, comments were reviewed and were used to help make adjustments to courses and delivery techniques. As of August, the collective participant feedback on all BLI courses was 96% of respondents rated their course and instructor with "agree" or "strongly agree" ratings. Another indication on the interest in and quality of courses delivered is that of the 1,896 total attendees, just under 50% of them attended through a collaborative

effort between Division management and the BLI Manager to address specific needs through the delivery of learning opportunities to their respective groups. The remaining just over 50% of the total participants attended courses that were posted and they voluntarily signed up through Employee Self Service.

Two specific BLI deliverables were developed to help accomplish the above mentioned Laboratory strategic goals in 2006.

1. Enhanced Roles and Accountabilities of Managers course
2. Compliance with AB1825 Sexual Harassment training

We have achieved the implemented level for this activity.

Activity 10

We enhanced and launched of the course, "Roles and Accountabilities for Managers". Seventeen subject matter experts from throughout the Laboratory worked with the BLI Manager to create a comprehensive overview course on regulatory, legal and standard practice responsibilities and accountabilities of supervisors, covering critical topics from ethics to safety to financial management to labor and employee relations requirements. The course was tested with management teams in five Divisions. Based on feedback, some new sections were added to the course. In May 2006, Director Chu made the course mandatory for all new scientific and operations supervisors. Mandatory attendance language has been added to supervisor hire / promotion letters. As soon as details on how to track attendance are worked out in HR, a formal announcement of the new mandatory requirement is expected this fall. In the meantime, 130 managers and supervisors have attended the course during this FY06 PEMP reporting period. Since May, the course has been offered quarterly to new supervisors, with all new supervisors receiving an e-mail invitation and notification from the BLI Manager on the date and time of the course. The course is also promoted in the Lab's e-mail newsletter, TABL, and is posted on BLI's website for all supervisors to review. The course is already scheduled and available for enrollment for September and December, 2006.

We have achieved the implemented level for this activity.

Activity 11

We implemented and tracked our compliance with AB1825, the online sexual harassment prevention course delivered UC-system wide to ensure compliance with the new state mandate for such training for supervisors every two years. The Laboratory is 100% compliant; we are the first UC location to reach this completion rate. Each month, new supervisors were notified of this requirement and given 6 months to complete the course. Compliance reports were run by the BLI Administrator every month to ensure those who were required to take the course had

done so. These reports were delivered to HR Center Managers who in turn worked with Division managers to ensure compliance.

We have achieved the implemented level for this activity.

Goal 7.0: *Sustain excellence in Operating, Maintaining, and Renewing the Facility and Infrastructure Portfolio to Meet Laboratory Needs.*

The Contractor provides appropriate planning for, construction and management of Laboratory facilities and infrastructures required to efficiently and effectively carry out current and future S&T programs.

Goal 7.0 shall measure the overall effectiveness and performance of the Contractor in planning for, delivering, and operations of Laboratory facilities and equipment needed to ensure required capabilities are present to meet today's and tomorrow's complex challenges.

Executive Summary

An overall goal score of 3.7 (A-) was achieved, including significant accomplishments in all measures involving maintenance, Utility Reliability and Real Property Management Space/Facility Utilization. The scores are a reflection of the Facilities program's efforts to maximize stewardship of the Laboratory infrastructure while applying best practices in many areas.

Major accomplishments are:

- The Maintenance Investment Index exceeded the goal of 2%.
- LBNL exceeded energy reduction goals by over 100% in all categories mandated in the President's Directive on Energy Conservation following Hurricanes Katrina and Rita.
- Approval of the CD4-A for the Molecular Foundry ahead of schedule
- 88 % of the FEMA 310 Seismic Evaluations of building inventory were completed

Element	Numerical Score	Objective Weight	Weighted Score	Total Points
7.0 Sustain excellence in Operating, Maintaining, and Renewing the Facility and Infrastructure Portfolio to Meet Laboratory Needs.				
7.1 Manage Facilities and Infrastructure in an efficient and Effective manner that optimizes usage and minimizes Life Cycle costs	3.9	50%	1.95	
7.2 Provide Planning for and acquire the Facilities and Infrastructure required to support Future Laboratory Programs	3.5	50%	1.75	
Performance Goal 7.0 Total				3.7

Performance Evaluation

Performance Objective 7.1: Manage Facilities and Infrastructure in an efficient and effective manner that optimizes usage and minimizes Life Cycle costs.

Objective 7.1 has three measures and the grade is A (3.9).

Measure	Grade	Numerical Score	Weight (points)	Weighted Score	Numerical Score for Objective 7.1
7.1.1	A-	3.9	26	2.02	
7.1.2	A-	4.0	9	0.72	
7.1.3	A-	4.0	15	1.20	
Performance Objective 7.1 Total					3.9

Performance Measure 7.1.1: Maintenance and Utility Reliability- Effectiveness and efficiency of maintenance activities to maximize the operational life of facility systems, structure and components.

Target: LBNL achieves 3.1 – 3.4 score based on the Facilities and Infrastructure Performance Assessment Model (PAM). Calculation of the score is defined in the PAM. The PAM will be developed by 30 September 2005. The PAM milestones include: unplanned power outages, Maintenance Investment Index (MII), deferred maintenance, and condition assessments.

Performance: Measure 7.1.1 grade is A (3.9)

Performance Sub-measure 7.1.1.1: The Maintenance Investment Index (MII) expressed as a percentage is defined as the actual maintenance expenditure divided by the Replacement Plant Value (RPV) for conventional Facilities at the Site. During mid-year, Berkeley Site Office (BSO) and the Lab agreed to apply fully burdened funds to the MII.

Target: A MII of 2.0 - 2.09 %

Performance: Facilities Achieved an MII of 2.60%. Grade is A+ (4.3)

Performance Sub-measure 7.1.1.2: The ACI is (1) one minus the Facility Condition Index (FCI). FCI is the ratio of Deferred Maintenance (DM) to Replacement Plant Value (RPV).

Target: An ACI of .92 - .949

Performance: Performance resulted in an ACI of .925. Grade is B+ (3.4).

Performance Sub-measure 7.1.1.3: Control electric, steam, gas and water demand to control costs and mitigate supply disruptions. Peak Load Management/Emergency Conservation Plans are developed/updated, as defined in Objective 3 in the EMPA, to minimize the effects of supply disruptions and control costs.

Target: Complete 4 of 5 tasks.

Performance: 4 out of 5 tasks completed. Grade is B+ (3.4)

Task #	Task	Status
1	An Assessment of Load and Energy Reduction Techniques (ALERT) assessment and training conducted at the site;	Not completed
2	A Site Specific Peak Load Management/Emergency Conservation Plan is updated	Completed
3	Develop work plans to implement peak Load Management/ Emergency Conservation Plans and Alert Assessments recommendations by end of FY.	Completed
4	Demonstrate that total costs for demand charges and/or actual peak demand is reduced from the previous year at the site; and	Completed
5	Work plan items from Alert Assessments/Peak Load Management Plans accomplished/work plan items scheduled to be accomplished > 0.50.	Completed

Performance Sub-measure 7.1.1.4: Completion of RPAM- required reports

Target: Complete all 3 tasks

Performance: All tasks completed. Grade is A- (3.7).

Task #	Task	Status
1	Condition Assessment Summary Report (20% required per year)	Completed May 2006
2	FY05 By Building Maintenance Report (due Oct. 31, 2005) and FY06 Required Maintenance Report	Completed October 2005
3	FY06 By Building Site Deferred Maintenance Backlog and Projects Plan	Completed 3rd Quarter

Performance Measure 7.1.2: Energy Management – Effective execution of goals within the Energy Performance Management Agreement.

Target: LBNL achieves 3.1–3.4 score based on the FY06 Energy Performance Management Agreement which will be developed in accordance with forthcoming DOE Headquarters' Guidance.

Performance: Measure 7.1.2 Grade is A (4.0).

Performance Sub-measure 7.1.2.1: Energy Management initiatives are managed consistent with a Comprehensive Energy Management Program and Plan that includes the minimum requirements of Department of Energy (DOE) O 430.2A, Departmental Energy and Utilities Management. The Energy Management Performance Agreement (EMPA) has been updated to include minimum requirements of DOE O 430.2A and major facilities contracts contain the Contractor Requirements Document (CRD) of DOE O 430.2A. This task is Objective 1 of the EMPA.

Target: Complete all 10 Tasks

Performance: All tasks completed. Grade is A (4.0.).

Task #	Task	Status
1	Evaluate project for use of alternative funding/EPSCs	Measure now documented in memo from Division Director to BSO
2	Conduct Retro-commissioning studies on at least 1 building	Completed 3rd Quarter
3	Review Energy efficient and low-standby power procurement processes	Completed 3rd Quarter
4	Identify low-cost operational/maintenance conservation deficiencies	Completed 3rd Quarter
5	Provide study(s) on off-grid systems	Completed 3rd Quarter
6	Documented Training of staff members	Completed 3rd Quarter
7	Document availability of trained energy managers	Completed 3rd Quarter
8	Meet quarterly and annual reporting requirements	Completed through 3rd Quarter
9	Review and Update Outreach Program	Completed 3rd Quarter
10	Accomplish 30% of the water efficiency and retrofit/ replacement options	Completed 3rd Quarter

Performance Sub-measure 7.1.2.2: Energy Use Reductions and Green House Gas reductions show continuous improvement and are on target toward meeting the DOE, energy efficiency leadership goals consistent with DOE O 430.2A and the new Energy Act requirement as defined in Objective 2 of the EMPA.

Target: Meets 2% of expectations

Performance: Grade is A (4.0).

Task #	Task	Status
1	Energy use per gross square foot is two percent less than the previous year. Calculated on Base Year of FY 2003 per EPACT 2005.	Actual Reduction at 4.11%

Performance Sub-measure 7.1.2.3: Application of sustainable design principles to new buildings. Sustainable design principles, including energy efficiency, are applied to all new building designs (i.e., Conceptual Design, Title I, and Title II) as defined in Objective 4 of the EMPA.

Performance: Not applicable this year - No buildings in this phase of design. Points distributed to 7.1.1.4, task #3 and 7.1.1.1.

Performance Sub-measure 7.1.2.4: President's Directive on Energy Conservation following Hurricanes Katrina and Rita. In response to the President's September 26, 2005, Directive on energy Conservation, Secretary Bodman's October 4, 2005 Guidance Memorandum and Jerry Hanley's October 13, 2005, memo from DOE Personal Property Management Division, LBNL has compiled a list of measures that will be implemented, as defined in the short term objectives of the FY 2006 LBNL EMPA.

Target: 11 Activities implemented with savings exceeding 50% of projections.

Performance: Grade is A (4.0). 17 of 20 activities completed. The effectiveness of these implemented activities is demonstrated by exceeding the energy reduction goals identified in the Presidential Directive on Energy Conservation following the Katrina and Rita Hurricanes where electrical savings exceeded 7.7% and natural gas savings exceeded 23.7%.

Conservation Activities:

- Turn off all unnecessary lights, exterior and interior
- Turn off computers, monitors, sound systems, desktop UPSs, etc. at the surge protector. Turn off printers, copiers, scanners, etc. after work hours.
- Encourage increase use of car pools or public transportations. Telecommute if job performance is not affected
- Turn off personal appliances such as coffee pots, radios, etc.
- If feasible, turn off general lighting, use natural and/or task lighting
- Turn off display and decorative lighting
- Turn off other unneeded equipment in labs and shops
- Don't idle engines or motor vehicles
- Enable power-down features on computers and monitors
- Use stairs rather than elevators
- Close all doors and windows to retain heat within buildings
- Use only cold water at sink areas
- Thermostats on domestic hot water heaters will be lowered form 140°F to 120°F except building 26 and 54 where hygiene needs to be maintained.
- Lower the indoor temperature to 68F for buildings 4,5,7,10,14,17,27,40, 41,42,44,45,47,50 Complex, 53,58,58A,62,64,65,75,80,88,and 90. The indoor temperatures of Building 2,6,26,55,56,70,70A,74,74B, 77, 83,84 will not be adjusted.
- Standby generator testing will be suspended until June 2006.

- Require that all flex-fuel vehicles use E85 exclusively.

Performance Measure 7.1.3: Real Property Management Space/Facility Utilization - Effectively managed consistent with mission, requirements, and DOE direction. Intent is to measure the effectiveness, completeness, and timeliness of implementation of Real Property management using Facilities Information Management System (FIMS) office space utilization, facilities asset and utilization index (AUI), and real property leases.

Target: Complete 4 of 5 tasks

Performance: All tasks were completed by the end of the 3rd Quarter. Grade is A (4.0).

Task #	Task	Status
1	Populate FIMS with Executive Order 13327 required data elements	Completed
2	Document underutilized or unsuitable excess space and AUI, and recommend its inclusion in FIMS and the Ten-Year Site Plan.	Completed
3	Explore and recommend off-site leased opportunities. List off-site lease options in satisfying space requests.	Completed
4	Ensure FIMS consistency with other DOE databases. Produce documentation that shows quarterly reconciliation between FIMS and Management and Analysis Reporting System (MARS).	Completed
5	Ensure FIMS supports Space Banking Reporting. Prepare annual memo to DOE regarding Space Banking, reflecting FIMS archived square footage, facilities flagged as excess and excess years.	Completed

Performance Objective 7.2: Provide Planning for and acquire the Facilities and Infrastructure required to support Future Laboratory Programs.

Objective 7.2 has three performance measures and the average Grade is A- (3.5).

Measure	Grade	Numerical Score	Weight (points)	Weighted Score	Numerical Score for Objective 7.2
7.2.1	B+	3.4	15	1.02	
7.2.2	A-	3.5	25	1.75	
7.2.3	A-	3.7	10	0.74	
Performance Objective 7.2 Total					3.5

Performance Measure 7.2.1: Integrated Site Planning - The Laboratory develops, documents, and maintains an integrated site planning process that is aligned with DOE mission needs and the Laboratory strategic/business plan. Intent is to measure the effectiveness of integrated site planning activities using any related site development planning documents.

Target: Meet expectations of tasks

Performance: Grade is B+ is (3.4).

Task #	Task	Status
1	Develop and document necessary plans. Prepare DOE planning documents, such as the 10 year site plan.	Completed
2	Review all proposals for NEPA/CEQA compliance. Review and process research, construction, maintenance, and operations proposals for NEPA/CEQA compliance.	NEPA CEQA reviews for all research, construction and maintenance are being processes in a timely manner.

Performance Measure 7.2.2: Construction/Project Management - Activities and requirements related to Line Item, GPP, and Non-Cap projects are complete within preliminary performance baseline for scope, schedule and cost (established at CD-2). Each task is assessed individually.

Target: Meet expectations of tasks.

Performance: Grade is A- (3.5). LBNL achieved CD4A approval for the Molecular Foundry ahead of schedule and under budget projections. This resulted in additional contingency, which has been used to purchase technical scientific equipment. LBNL responded to a mid-year DOE request to prepare CD1, 2, and 3 documentation for an October 2006 review of the ALS User Support Building. These documents were prepared on schedule and under budget.

Task #	Task	Status
1	Building 51 and Bevatron Demolition Project: CD1/CD2 Approval (Provided EIR Report received within 3 weeks of review)	While on task, project met scope and schedule. Project was placed on hold.
2	Molecular Foundry: CD4a approval	Passes CD4A ahead of schedule.
3	B77 Phase 2; CD2 Approval	ESAAB scheduled for 9/22/06
4	General Plant Projects (GPP) Program. Managed in accordance with LBNL's GPP Priority list and associated cost and schedule.	Proceeding according to plan.
5	Non-capital Alterations Program: Managed in accordance with LBNL's Non Capital priority list and associated cost and schedule.	Proceeding according to plan.
6	User Support Building: Submit CD1 documentation to BSO	CD 1,2 and 3 are being submitted to HQ on 9/25 for review on October 11.

Performance Measure 7.2.3: Seismic Safety Planning - Activities and requirements related to Seismic Safety are accomplished.

Target: Meet expectations of tasks

Performance: Grade is A- (3.7). LBNL completed seismic evaluations of 88% of the Lab's building inventory, exceeding our goal of 80%. This allowed the Lab to reduce budget needs for FY07 and redirect funds to the next phase of seismic evaluation.

Task #	Task	Status
1	Seismic and Structural safety upgrade Phase 1 Project: Submit CD1 Documents	CD1 were submitted in August
2	FEMA 310 Seismic Evaluations: Complete 80% of Building Inventory	Currently at 88% completion.

Other

In addition to the PEMP measures noted above, Facilities was also successful in accomplishing the following during the past year:

- Reduced the project management costs of small to medium projects from 17% of TPC to an average of 6%-8%.
- Streamlined the management overhead of the Facilities Division without impacting service delivery.

Finally, the LBNL Contract Initiative for an Integrated Facility Maintenance System remains on schedule with complete FIMS integration planned for FY07.

A few opportunities for improvement are noted.

In the July 2006 GPP Monthly Report to DOE for the Oakland Scientific Facility Power Upgrade Project, the Total Estimated Cost (TEC) was projected at $4,148k. This exceeded the $2,600k amount DOE authorized on April 20, 2006. A request to increase the authorization amount to $4,550k was approved by DOE on September 19, 2006.

Current approval policies can be better executed, as follows:

1. Procurement: The Project Manager will verify that DOE has approved funding authorizations sufficient to cover the total obligations on a project prior to submitting subcontract modifications to Procurement.
2. Communications: When significant changes occur on a project, the LBNL Project Manager will promptly communicate these changes to DOE/BSO.
3. Controls: PD&C Chief Project Manager, Department Head and Budget Analyst will review TEC changes monthly on all projects.
4. All future funding requests for approval to DOE/BSO for lease property improvements shall include the Chief Procurement Officer and Division Business Manager, in addition to the current distribution.

Attachments

1. FY06 Facilities and Infrastructure: Real Property and Construction Project Management Performance Assessment Model

Evidence File

Measure 7.1.1.1
DOE Final FY06 Maintenance MII Cost Comparison -DRAFT

Measure 7.1.1.2
Screenshot of US Department of Energy Facilities Information Management System (FIMS) Asset Condition Index (ACI).

Measure 7.1.1.3
Task 2 - LBNL FY2006 Facilities Management Performance Measures- Utility Services Reliability and Demand Control- Peak Load Management/Emergency Conservation Plan

Measure 7.1.1.3
Task 3 - Draft Report dated December 20, 2005- Site Summary for Oakland Scientific Facility

Measure 7.1.1.3
Task 4 - Chart regarding the Peak Demand from 2003 - 2006. Information provided by WAPA (Western Area Power Administration). WAPA is sole provider of electrical power to the LBNL Site.

Measure7.1.1.3
Task 5 - ALERT Report

Measure 7.1.1.4
Task 1a - Executive Summary Report from VFA

Measure 7.1.1.4
Task 1b- Executive Summary Report from VFA

Measure 7.1.1.4
Task 2 AM- FY05 Building Maintenance Actual Report

Measure 7.1.1.4
Task 2 RM- FY06 Building Required Maintenance Report

Measure 7.1.1.4 Task 3
FY06 Building/Site Deferred Maintenance Backlog Project Plan

Measure 7.1.2.1
Task 1 - Letter from George Reyes, FA Division Director regarding "Exploring the Use of Alternative Funding for Energy Projects at LBNL"

Measure 7.1.2.1
Task 2 - Retro Commissioning the Advanced Light Source Facility - DOE/DEMP Model Program Interim Progress Report and Status

Measure 7.1.2.1
Task 3 - Environmental Management Program - Objective: To increase procurement of Energy Star Products and Recycled Content Products

Measure 7.1.2.1
Task 4, 9 and 10 - Email from Michael Dong regarding status of tasks

Measure 7.1.2.1
Task 4 - Spreadsheet entitled Comprehensive Studies Completion

Measure 7.1.2.1
Task 5 - Report from Newcomb Anderson Associates- Distributed Energy Resource Study (DER) for LBNL- Executive Summary

Measure 7.1.2.1
Task 6 and 7 - Certificates for Electrical Engineers

Measure 7.1.2.1
Task 8 - Energy Management System Report -

Measure 7.1.2.1
Task 9 - TABL article - 10/7/2005

Measure 7.1.2.2
Energy Consumption and Cost Report

Measure 7.1.2.4
Report to BSO re: LBNL Energy Use Reductions Towards Presidential Energy conservation Directive

Measure 7.1.3
Task 1 - Letter from Roby Berninzoni re: FY2006 First Quarter Performance Objective

Measure 7.1.3
Task 2 - Letter from Roby Berninzoni re: Underutilized or unsuitable excess space

Measure 7.1.3
Task 2a - FIMS- AUI

Measure 7.1.3
Task 3 - Letter from Roby Berninzoni re: List off-site lease options in satisfying space requests

Measure 7.1.3
Task 4 - Letter from Roby Berninzoni re: FIMS consistency with other databases

Measures 7.1.3
Task 5 - Letter from Roby Berninzoni re: Annual memo to DOE regarding Space Banking

Measure 7.1.3
Task 5a - Report from BSO regarding Banking Request for Excess Facilities Elimination

Measure 7.1.3.1
Task 1a - Percent populated as of 12/02/05

Measure 7.2.1
Task 1 - Ten Year Site Plan - 2008-2117

Measure 7.2.1
Task 2 - Transmittal Records

Measure 7.2.2
Task 1 - Meeting Minutes June 22, 2006 - Bldg 51

Measure 7.2.2
Task 1a - CD-1 approve Alternative Selection and Cost Range for the Bldg. 51 and Bevatron Demolition Project

Measure 7.2.2
Task 2 - Meeting Minutes - April 24, 2006 - Molecular Foundry CD-4A

Measure 7.2.2
Task 2a - Office of Basic Energy Sciences- Office of Science - CD-4a, Approve start of Initial Operations for the Molecular Foundry- A Nanoscale science Research Center at Lawrence Berkeley National Laboratory

Measure 7.2.2
Task 3 - Office of Laboratory Policy and Infrastructure Office of Science CD-2 Approve Performance Baseline for Bldg. 77 Rehabilitation of Building Structure and Systems, Phase 2

Measure 7.2.2
Task 4- Revised Planning List for General Plant Projects (GPP)

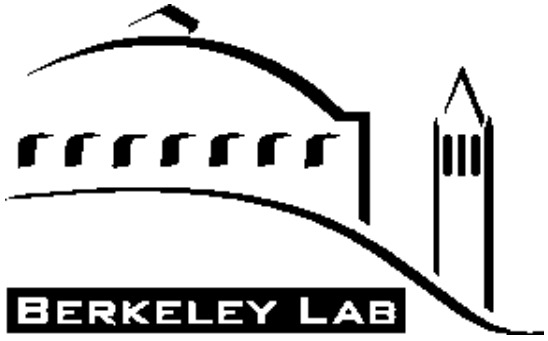
Measure 7.2.2
Task 4a- Revised Planning List for General Plant Projects (GPP)

Measure 7.2.2
Task 5- FY06 Non-Cap Projects Summary- Actual Costs as of September 30, 2006 - Final Close

Measure 7.2.2
Task 6 - Documentation provided on the User Support Building e-room

Measure 7.2.3
Task 1 - Cover page for Project 50/74 Seismic and Safety Upgrades, Phase 1

Measure 7.2.3
Task 2 - ASCE - 31 Seismic Evaluations



FY 2006

Facilities and Infrastructure: Real Property and Construction Project Management

Performance Assessment Model

Lawrence Berkeley National Laboratory

University of California Laboratory Management Office

Department of Energy - Berkeley Site Office

October 01, 2005

Rev A
April 14, 2006

Background Information

Contract No.: DE-AC02-05CH11231

Points of Contact:	
	George Reyes LBNL Facilities Division Director (510) 486-6339
	Barry Savnik DOE-BSO Projects and Facilities Management Team Leader (510) 486-6108
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Effective Approval Date: October 01, 2005

Rev A April 14, 2006

Introduction

The Facilities Management Functional Managers from the Lawrence Berkeley National Laboratory (LBNL), the Department of Energy (DOE) Berkeley Site Office, and the University of California Laboratory Management Office have agreed to assess the Performance Measures in Appendix B according to the methodology described below.

Performance Objectives:

Goal #7: Sustain excellence in Operating, Maintaining, and Renewing the Facility and Infrastructure Portfolio to Meet Laboratory Needs.

Objective 7.1: Manage Facilities and Infrastructure in an efficient and Effective manner that optimizes usage and minimizes Life Cycle costs. (50 pts)

7.1.1 Maintenance and Utility Reliability- Effectiveness and efficiency of maintenance activities to maximize the operational life of facility systems, structure and Components. (24 points)

7.1.1.1-The MII expressed as a percentage, is defined as the actual maintenance expenditure divided by the Replacement Plant Value (RPV) for conventional Facilities at the Site. (10 pts)

$$MII = \frac{\text{Actual Maintenance Expenditures}}{RPV}$$

A+	4.3	MII of 2.15 or greater
A	4.0	MII of 2.10 – 2.14
A-	3.7	MII of 2.05 – 2.09
B+	3.4	MII of 2.0 – 2.04
B	3.0	MII of 1.93 – 1.99
B-	2.7	MII of 1.85 – 1.92
C+	2.4	MII of 1.77 – 1.84
C	2.0	MII of 1.70 – 1.77
C-	1.7	MII of 1.63 – 1.69
D	1.0	MII of 1.55 – 1.62
F	0.7	MII of 1.55 or less

7.1.1.2 – The ACI is (1) one minus the Facility Condition Index (FCI). FCI is the ration of Deferred Maintenance (DM) to Replacement Plant Value (RPV). (5 pts.)

$$ACI = 1 - FCI \quad \text{or} \quad ACI = 1 - \frac{DM}{RPV}$$

A+	4.3	ACI of .98 or greater
A	4.0	ACI of .97 - .979
A-	3.7	ACI of .95 - .969
B+	3.4	ACI of .92 - .949
B	3.0	ACI of .89 - .919
B-	2.7	ACI of .86 - .889
C+	2.4	ACI of .84 - .859
C	2.0	ACI of .82 - .839
C-	1.7	ACI of .80 - .819
D	1.0	ACI of .79 - .799
F	0.7	ACI of.79 or less

7.1.1.3 – Control electric, steam, gas and water demand to control costs and mitigate supply disruptions. Peak Load Management/Emergency Conservation Plans are developed / updated, as defined in Objective 3 in the EMPA, to minimize the effects of supply disruptions and control costs. (4 pts)

Task #	Task	Weighting
1	An Assessment of Load and Energy Reduction Techniques (ALERT) assessment and training conducted at the site; and	20%
2	A Site Specific Peak Load Management/Emergency Conservation Plan is updated	20%
3	Develop work plans to implement peak Load Management/ Emergency Conservation Plans and Alert Assessments recommendations by end of FY.	20%
4	Demonstrate that total costs for demand charges and/or actual peak demand is reduced from the previous year at the site; and	20%
5	Work plan items from Alert Assessments/Peak Load Management Plans accomplished/work plan items scheduled to be accomplished > 0.50.	20%

A	4.0	Compete all 5 Tasks
B+	3.4	Complete 4 of 5 Tasks
B-	2.7	Complete 3 of 5 Tasks
C	2.0	Complete 2 of 5 Tasks
D	1.0	Complete 1 of 5 Tasks
F	0.0	Complete 0 of 5 Tasks

7.1.1.4 – Completion of RPAM- required reports (5 pts.)

Task #	Task	Weighting
1	FY06 Condition Assessment Summary Report (20% required per year) (Due May 31, 06)	40%
2	FY05 By Building Maintenance Report (Due Oct 31, 05) FY06 Required Maintenance Report (Due Oct 31, 05)	40%
3	FY06 By Building Site Deferred Maintenance Backlog Projects Plan	20%

A-	3.7	Complete all 3 Tasks
C+	2.4	Complete 2 of 3 Tasks
D	1.0	Complete 1 of 3 Tasks
F	0.0	Complete 0 of 3 Tasks

7.1.2 Energy Management – Effective execution of goals within the Energy Performance Management Agreement. (11 Points)

7.1.2.1 - Energy Management initiatives are managed consistent with a Comprehensive Energy Management Program and Plan that includes the minimum requirements of Department of Energy (DOE) O 430.2A, Departmental Energy and Utilities Management. The Energy Management Performance Agreement (EMPA) has been updated to include minimum requirements of DOE O 430.2A and major facilities contracts contain the Contractor Requirements Document (CRD) of DOE O 430.2A. This task is Objective 1 of the EMPA. (4 pts.)

Task #	Task	Weighting *
1	Evaluate project for use of alternative funding/EPSCs	10%
2	Conduct Retro-commissioning studies on at least 1 building	10%
3	Review energy efficient and low-standby power procurement processes	10%
4	Identify low-cost operational/maintenance conservation deficiencies	10%
5	Provide study(s) on off-grid systems	10%
6	Document training of staff members	10%
7	Document availability of trained energy managers	10%
8	Meet quarterly and annual reporting requirements	10%
9	Review and update Outreach Program	10%
10	Accomplish 30% of the water efficiency retrofit/replacement options	10%

A	4..0	Complete all 10 Tasks
A-	3.7	Complete 9 of 10 Tasks
B+	3.4	Complete 8 of 10 Tasks
C	2.0	Complete 7 of 10 Tasks
D	1.0	Complete 6 of 10 Tasks
F	0.0	Complete less than 6 Tasks

* Partial credit for tasks can be awarded

7.1.2.2 - Energy Use Reductions and Green House Gas reductions show continuous improvement and are on target toward meeting the DOE, energy efficiency leadership goals consistent with DOE O 430.2A and the new Energy Act requirement. As defined in Objective 2 of the EMPA (3 pts.)

Task #	Task	Weighting
1	Energy use per gross square foot is 2 percent less than the previous year. Calculated on Base Year of FY 2003 per EPACT 2005.	100%

A	4.0	Far exceed (greater than or equal to 3% savings)
A-	3.7	Exceed (greater than or equal to 2.5% savings)
B+	3.4	Meets (greater than or equal to 2% savings)
C+	2.4	(greater than or equal to 1% savings)
C	2.0	Needs improvement (less than 1% savings)
F	0.0	0% less than Previous year

7.1.2.3 - Application of sustainable design principles to new buildings. Sustainable design principles, including energy efficiency, are applied to all new building designs (i.e., Conceptual Design, Title I, and Title II) as defined in Objective 4 of the EMPA. (2 pts.)

Task #	Task	Weighting
1	Sustainable design principles are applied to all new building designs as evidenced by the submission to FEMP of Energy Efficiency/Sustainable Design Reports for buildings of 10,000 gross square feet or greater, after completion of Title II Design; and	50%
2	Demonstrate that at least one new building design will be Leadership in Energy and Environmental Design (LEED) certified by having a site register the project with the U.S. Green Buildings Council before Title I Design begins.	50%

A+	4.3	Far exceeds (All new building (>10000 sq ft) designs submitted to FEMP and 3 buildings registered)
A	4.0	Exceed expectations (All new building (>10000 sq ft) designs submitted to FEMP and 2 buildings registered)
B+	3.4	Meets expectations or N/A (All new building (>10000 sq ft) designs submitted to FEMP and 1 building registered)
C	2.0	Needs improvement (0 new building (>10000 sq ft) designs submitted to FEMP and 0 buildings registered)
D	1.0	Minor accomplishments
F	0.0	No accomplishments

* If no Conceptual Designs or Title I Designs are developed during the performance period, then these performance expectations will receive no rating. The Departmental Energy Management Program encourages sites to apply for Model Program funds to register buildings with the U.S. Green Buildings Council.

If no Task #1 or Task #2 the extra point will be reassigned as follows:

- 7.1.1.4 Task#3.

If no Task #1 and Task #2 the two points will be reassigned as follows:

- One Point to 7.1.1.4 Task #3
- One Point to 7.1.1.1

7.1.2.4 President's Directive on Energy Conservation following Hurricanes Katrina and Rita. In response to the President's September 26, 2005, Directive on Energy Conservation, Secretary Bodman's October 4, 2005, Guidance Memorandum and Jerry Hanley's October 13, 2005, memo from the DOE Personal Property Management Division, LBNL has compiled a list of measures that will be implemented, as defined in the Short Term Objectives of the FY 2006 LBNL EMPA. (2 pts.)

Task #	Task	Weighting
1	Implement 20 conservation activities (from November 1, 2005 to April 30,2006) and generate a report documenting the savings by June 30, 2006	100%

Conservation Activities:

- Turn off all unnecessary lights, exterior and interior.
- Turn off computers, monitors, sound systems, desktop UPSs, etc. at the surge protector. Turn off printers, copiers, scanners, etc. after work hours.
- Encourage increased use of car pools or public transportation.
- Telecommute if job performance is not affected.
- Turn off personal appliances such as coffee pots, radio, etc.
- If feasible, turn off general lighting, use natural and/or task lighting.
- Turn off display and decorative lighting.
- Ensure fume hood sashes are maintained in the closed/lowered position.
- Turn off other unneeded equipment in labs and shops.
- Don't idle engines of motor vehicles.
- Enable power-down features of computers and monitors.
- Use stairs rather than elevators.
- Close all doors and windows to retain heat within buildings.
- Use only cold water at sink areas.
- Suspend using showers at the laboratory.
- Thermostats on domestic hot water heaters will be lowered from 140°F to 120°F except Buildings 26 and 54 where hygiene needs to be maintained.
- Lower the indoor temperatures to 68F for Buildings 4, 5, 7, 10, 14, 17, 27, 40, 41, 42, 44, 45, 47, 50 Complex, 53, 58, 58A,62, 64, 65, 75, 80, 88 and 90. The indoor temperatures of Buildings 2, 6, 26, 55, 56, 70, 70A, 74, 74B, 77, 83, 84 will not be adjusted.
- Standby generator testing will be suspended until June, 2006.
- Utilize Bio-diesel for all LBNL diesel vehicles.
- Require that all flex-fuel vehicles use E85 exclusively.

A	4.0	Far Exceed – 15 activities implemented and savings of 100% or more of projections
A-	3.7	Exceed - More than 11 activities implemented and savings exceeding 75% of projections
B+	3.4	Meets -11 activities implemented with savings exceeding 50% of projections
C	2.0	Needs improvement - savings less than 50% of projections
D	1.0	Minor accomplishment - Savings less that 25% of projections
F	0.0	No savings

7.1.3 Real Property Management Space/Facility Utilization - Effectively managed consistent with mission, requirements, and DOE direction. Intent is to measure the effectiveness, completeness, and timeliness of implementation of Real Property management using Facilities Information Management System (FIMS) office space utilization, facilities asset and utilization index (AUI), and real property leases. (15 Pts.)

Task #	Task
1	Populate FIMS with Executive Order 13327 required data elements
2	Document underutilized or unsuitable excess space and AUI, and recommend its inclusion in FIMS and the Ten-Year Site Plan.
3	Explore and recommend off-site leased opportunities. List off-site lease options in satisfying space requests.
4	Ensure FIMS consistency with other DOE databases. Produce documentation that shows quarterly reconciliation between FIMS and Management and Analysis Reporting System (MARS).
5	Ensure FIMS supports Space Banking Reporting. Prepare annual memo to DOE regarding Space Banking, reflecting FIMS archived square footage, facilities flagged as excess and excess years.

A	4.0	Compete all 5 Tasks
B+	3.4	Complete 4 of 5 Tasks
B-	2.7	Complete 3 of 5 Tasks
C	2.0	Complete 2 of 5 Tasks
D	1.0	Complete 1 of 5 Tasks
F	0.0	Complete 0 of 5 Tasks

Objective 7.2: Provide Planning for and acquire the Facilities and Infrastructure required to support Future Laboratory Programs. (50 Points)

7.2.1 Integrated Site Planning - The Laboratory develops, documents, and maintains an integrated site planning process that is aligned with DOE mission needs and the Laboratory strategic/business plan. Intent is to measure the effectiveness of integrated site planning activities using any related site development planning documents. Each task is assessed individually. (15 points)

Task #	Task	Weighting
1	Develop and document necessary plans. Prepare DOE planning documents, such as the 10 year site plan.	55%
2	Review all proposals for NEPA/CEQA compliance. Review and process research, construction, maintenance, and operations proposals for NEPA/CEQA compliance.	45%

A	4.0	Exceed expectations
B+	3.4	Meets expectations
C	2.0	Needs improvement
D	1.0	Minor accomplishments
F	0.0	No accomplishments

7.2.2 Construction/Project Management - Activities and requirements related to Line Item projects are complete within preliminary performance baselines for scope, schedule and cost (established at CD-1) or performance baselines (established at CD-2). Each task is assessed individually. (25 Points)

Task #	Task	Weighting
1	Building 51 and Bevatron Demolition Project: CD1/CD2 Approval (Provided EIR report received within 3 weeks of review)	26%
2	Molecular Foundry: CD4a Approval	20%
3	B77 Phase 2: CD2 Approval	20%
4	General Plant Projects (GPP) Program. Managed in accordance with LBNL's GPP priority list and associated cost and schedule.	10%
5	Non Capital Alternations Program: Managed in accordance with LBNL's Non Capital priority list and associated cost and schedule.	10%
6	User Support Building: Submit CD1 documentation to BSO	14%

A	4.0	Exceed expectations. Performance against one of the project/program's baselines (scope, schedule or cost) is clearly exceeded.
B+	3.4	Meets expectations. Performance baselines are met.
C	2.0	Needs improvement. Performance against one of the project/program's baselines (scope, schedule or cost) is not achieved.
D	1.0	Minor accomplishments. Performance against two of the project/program's baselines (scope, schedule or cost) is not achieved
F	0.0	No accomplishments. Project/program requires HQs intervention (re-base lining) due to performance deficiencies.

7.2.3 Seismic Safety Planning - Activities and requirements related to Seismic Safety are accomplished. (10 Points)

Task #	Task
1	Seismic and Structural Safety Upgrade Phase 1 Project: Submit CD1 documents (5 pts)
2	FEMA 310 Seismic evaluations: Complete 80% of bldg inventory (5 pts)

A	4.0	Exceed expectations
B+	3.4	Meets expectations (CD1 Documents submitted and 80% of bldg inventory)
C	2.0	Needs improvement
D	1.0	Minor accomplishments
F	0.0	No accomplishments

Grade Conversion Table

Letter Grade	GPA
A+	4.1 - 4.3
A	3.8 - 4.0
A-	3.5 - 3.7
B+	3.1 - 3.4
B	2.8 - 3.0
B-	2.5 - 2.7
C+	2.1 - 2.4
C	1.8 - 2.0
C-	1.1 - 1.7
D	0.8 - 1.0
F	0.0 - 0.7

Goal 8.0: *Sustain and Enhance the Effectiveness of Integrated Safeguards and Security Management (ISSM) and the Emergency Management System*

The Contractor sustains and enhances the effectiveness of integrated safeguards and security and emergency management through a strong and well deployed system.

Executive Summary

For Goal 8.0, LBNL performed well and achieved a numerical score of 4.1, an equivalent overall grade of an A+. The Goal has four objectives (three of which apply to LBNL) with a total of ten measures. "A" grades were achieved in all performance measure, and the following is a summary of accomplishments.

Substantial improvements were made to the LBNL Emergency Management System in FY06. Compliance with the NFPA 1600 standard was the most significant and challenging measure undertaken; this measure involved the updating of the Master Emergency Program Plan (MEPP) and the development and publication of the Emergency Preparedness Program Strategic Plan (EPPSP), the Business Continuity Plan (BCP), and the Disaster Assessment Team Plan. All these plans were completed in a six month period, which required extensive collaboration, team work, project management skills, and leadership. Phase 1 of the new fire alarm monitoring system involved the successful digitized connectivity between the Lab's 55 fire alarm panels to the Regional Emergency Communications Center located at Lawrence Livermore National Laboratory (LLNL). The 12 primary members of the Lab's Emergency Response Organization (ERO) completed the Lab's minimum requirement of one training class and at least one exercise.

LBNL's Cyber Security Program had an exceptional year. A number of new technologies were deployed, including advanced internal monitoring and Windows desktop management, leading up to a major full scope audit of LBNL's cyber security program. This review, a collaborative effort between LBNL, the Office of Science, and the Office of Safety and Security Performance Assurance, included extensive penetration testing, social engineering, and concerted attempts to break LBNL's defenses and hack systems, as well as multi-day reviews of LBNL's cyber security posture. The review indicated that LBNL has a robust and effective cyber security program and a Senior official of DOE stated that we have "set the bar for the Office of Science." LBNL continues to play a major role in the cyber security community, with its continued development of the Bro Intrusion Detection System and close technical working relationships with other R&E institutions and the Labs. LBNL launched a major new training initiative and far exceeded its targets in this area, in addition to managing all corrective actions to on time or early completion and conducting risk assessments on all systems. Overall, LBNL's cyber security program continues to improve and adjust to new threats and changes to the environment, while supporting an open collaborative research environment that ensures the integrity of open science.

LBNL also improved its methods to ensure the Laboratory provides an efficient and effective system for the protection of special nuclear material. LBNL developed and implemented an internal procedure to implement DOE Manual 474.1-2A, *Manual for Nuclear Materials Management and Safeguards System,* in a graded approach. A peer review to evaluate the LBNL safeguards program and procedure EH&S 740, *Nuclear Material Control and Accountability*, was performed by a recognized expert in the management of nuclear material safeguard and security programs. LBNL prepared a corrective action plan in response to findings identified in the report, and completed all corrective actions in a timely manner. Finally, all Special Nuclear Material safeguards processes and activities (inventory, reporting, and authorization renewals) were completed on schedule, including Nuclear Materials Management and Safeguards System (NMMSS) reporting and renewals of the Radiological Work Authorizations (RWAs) involving the use of material tracked via the NMMSS program.

Goal Score

Element	Numerical Score	Objective Weight	Weighted Score	Total Points
8.0 Sustain and Enhance the Effectiveness of ISSM and the Emergency Management System				
8.1 Provide an Efficient and Effective Emergency Management System	4.1	20%	.82	
8.2 Provide and Efficient and Effective System for Cyber-Security	4.1	65%	2.7	
8.3 Provide and Efficient and Effective System for the Protection of Special Nuclear Material	4.0	15%	.60	
8.4 Protect Classified and Sensitive Information	N/A	0%	0%	
Performance Goal 8.0 Total				4.1

Performance Evaluation

Performance Objective 8.1: Provide an Efficient and Effective Emergency Management System

Objective 8.1 has three measures and the grade is A+ (4.1).

Measure	Grade	Numerical Score	Avg. Numerical Score for Objective 8.1
8.1.1	A+	4.3	
8.1.2	A	4.0	
8.1.3	A+	4.1	
Performance Objective 8.1 Total			4.1

Note: All measures equally weighted

Performance Measure 8.1.1: The Contractor demonstrates Emergency Management success through EMAP Program Accreditation or NFPA 1600 compliance.

Target: Conduct and complete an EMAP or NFPA 1600 compliance survey and corrective actions achieving compliance by 9/30/06.

Performance: Grade is A+ (4.3).

LBNL commissioned an NFPA 1600 external audit in October 2005. Four of the Laboratory's Emergency Management documents were revised in order to address the ten elements requiring corrective action:

- Master Emergency Program Plan updated in December 2005 and published for dissemination in March 2006
- Emergency Preparedness Program Strategic Plan developed in December 2005, and adopted by the Safety Review Committee Emergency Management Subcommittee in March 2006
- Business Continuity Plan (BCP) completed in June 2006. This included development and approval of a BCP Action Plan, and development of a BCP Tool Kit used to document Department and Group essential business processes
- Damage Assessment Team membership and protocol updates completed in June 2006.

An external auditor reviewed the completed corrective actions on June 29, 2006 and determined all ten elements were in compliance.

Performance Measure 8.1.2: The Contractor will demonstrate its commitment of leadership to emergency management by assuring adequate resources are provided.

Target:

1. 90% (11/12) of the primary members of the Emergency Response Organization to attend one training class by 9/30/06
2. Install the end-of-line fire alarm monitoring system by end of FY.

Performance: Grade is A (4.0).

LBNL trained 12 of the 12 primary members of the Emergency Response Organization (ERO) in FEMA IS700 (web-based course) and/or the Berkeley Alert III training class conducted on March 16, 2006. ERO primary members completed FEMA Incident Command System courses IS100 and IS200 in addition to other emergency management training. To ensure appropriate levels of staffing of the ERO, the Laboratory identified primary and alternate Section Chiefs by name in March 2006.

End-of-line monitoring systems were installed and 55 of 55 monitoring panels were successfully tested site-wide to the Alameda County Regional Emergency Communications Center at LLNL on March 30, 2006.

Performance Measure 8.1.3: The Contractor demonstrates effective utilization of emergency management procedures and processes through exercises.

Target: 90% (11/12) of the primary members of the Emergency Operations Center to attend one exercise by end of FY.

Performance: Grade is A+ (4.1).

12/12 primary members of the Emergency Response Organization (ERO) participated in at least one exercise, which included: Berkeley Alert Exercise, Alameda County-Wide Exercise, State's Golden Guardian Exercise, LBNL Hazmat Exercise, and LBNL TableTop Exercises.

Performance Objective 8.2: Provide an Efficient and Effective System for Cyber-Security

Objective 8.2 has three measures and the grade is A+ (4.1).

Measure	Grade	Numerical Score	Avg. Numerical Score for Objective 8.2
8.2.1	A+	4.1	
8.2.2	A+	4.3	
8.2.3	A	4.0	
Performance Objective 8.2 Total			4.1

Note: All measures equally weighted.

Performance Measure 8.2.1: The Contractor will demonstrate commitment to improvement through the conduct of internal and external reviews and the timely completion of approved corrected action plans.

Target: One POA&M overdue to target and two assessments performed annually.

Performance: Grade is A+ (4.1).

LBNL had zero POA&Ms overdue (out of 16 separate milestones) during the reporting period, easily meeting the A Target. At the same time, LBNL either conducted, or was subject to eight reviews, including 2 audits conducted by UC Internal Audit, 1 peer review dedicated to ESnet security, 1 Lehman Review which included cyber security in its scope, the Site Assistance Visit discussed in the summary, and three Office of the Inspector General audits, in addition to ongoing formal and informal self-assessment activities and evaluations of reporting activities. LBNL performed well in all of these audits, with the Site Assistance Visit giving the strongest positive review of our cyber security operations.

Performance Measure 8.2.2: The Contractor will integrate security practices into the culture of the organization by training employees on their security responsibilities.

Target: Improved Computer Security Training Program in place and 80% of employees trained in targeted organizations.

Performance: Grade is A+ (4.3).

LBNL deployed a new computer security training program to all regular employees during the FY, resulting in an overall training rate of 85.3%. The training rate for targeted employees, as described in the B+ measure, was 90.3%, which included all of Operations and the Computing Sciences Directorate. In addition, 349 guests for whom the training was optional, also took the course. LBNL's Computer Security Program received strong positive feedback regarding the content of the course as well.

Performance Measure 8.2.3: The Contractor will demonstrate its commitment to risk management by conducting risk assessments and mitigating unacceptable risks.

Target: All but one enclave with risk assessments completed. Residual risk agreement in place and POA&Ms created for mitigation activities.

Performance: Grade is A (4.0).

LBNL engaged in a major effort to conduct risk assessments on all six enclaves. The results of these assessments were presented to the site office and formal risk assessment acceptance occurred on 9/27 and 9/28 between the site office the CIO respectively.

Performance Objective 8.3: Provide an Efficient and Effective System for the Protection of Special Nuclear Materials

Objective 8.3 has four measures and the grade is A (4.0).

Measure	Grade	Numerical Score	Avg. Numerical Score for Objective 8.3
8.3.1	A	4.0	
8.3.2	A	4.0	
8.3.3	A	4.0	
8.3.4	A	4.0	
Performance Objective 8.3 To			4.0

Note: All measures equally weighted

Performance Measure 8.3.1: The Contractor will complete the development and implementation of internal procedures to implement DOE Manual 474.1-2A in a graded approach.

Target: Develop and implement EH&S Procedure 740, *Nuclear Material Control and Accountability* by 5/31/06.

Performance: Grade is A (4.0).

EH&S Procedure 740, *Nuclear Material Control and Accountability* (revision 3), was updated in December, 2005 and approved by Subject Matter Experts (SME) in February, 2006 to implement DOE Manual 474.1-2A, *Manual for Nuclear Materials Management and Safeguards System,* in a graded approach. The procedure was subsequently revised (revision 4), encompassing only editorial changes, and approved by SMEs. EH&S Procedure 740 was fully implemented in March, 2006 and is currently in use.

Performance Measure 8.3.2: The Contractor will complete the development and implementation of internal procedures to implement DOE Manual 474.1-2A in a graded approach.

Target: Schedules and conducts peer review of its safeguards program and procedures by 7/31/06.

Performance: Grade is A (4.0).

A peer review was performed by a recognized expert in the management of nuclear material safeguard and security programs. The review was conducted in May, 2006 to evaluate the LBNL safeguards program and procedure EH&S 740. A report of the observations and findings was submitted to LBNL on May 25, 2006.

Performance Measure 8.3.3: The Contractor will develop corrective actions for review findings and submit to BSO for approval.

Target: Develops and submits peer review Corrective Action Plan to BSO by 9/30/06.

Performance: Grade is A (4.0).

The Corrective Action Plan was developed and submitted to BSO on July 17, 2006, and all corrective actions specified in the plan were completed September 26, 2006.

Performance Measure 8.3.4: The Contractor will control and maintain Special Nuclear Material in accordance with safeguard processes and activities.

Target: 85% (14/17) of safeguards process and activities (inventory, reporting, and authorization renewals) completed on schedule.

Performance: Grade is A (4.0).

The 17 inventories, reports and renewals were completed as of September 22, 2006. The four quarterly nuclear material inventories and the four quarterly reports were submitted as required. The nine RWA renewals and retraining were completed for those authorizations governing the use and/or storage of material controlled through the NMMSS program.

Performance Objective 8.4: Protect Classified and Sensitive Information

Lawrence Berkeley National Laboratory does not have classified or sensitive information.

Attachments

1. ISSM and Emergency Management Gradients and Protocol

Evidence File

Measure 8.1.1
Master Emergency Program Plan - dated December 2005
Emergency Preparedness Program Strategic Plan - dated March 2006
NFPA 1600 Review Report by Linda Shelton – dated June 2006
Business Continuity Plan – dated June 2006
Damage Assessment Team Standard Procedures – dated April 2006

Measure 8.1.2
CATS – JHQ – FEMA confirmation e-mails –Internal Spreadsheets

Measure 8.1.3
Memo from Piermattei to Lunsford – dated March 2006

Measure 8.1.2 & 8.1.3
Protocol

Measure 8.2.1
Quarterly POAM Reports
Cats Database
Opening IG Audit Notifications
Internal Audit Notifications
ESnet Peer Review Letter
ESnet Lehman Review Letter

Measure 8.2.2
JHQ Database
Final 2006 Training Report for CSAR

Measure 8.2.3
2006 Consolidated Risk Assessment
Signature Pages

Measure 8.3.1
EH&S Procedure 740 – Nuclear Material Accountability and Control

Measure 8.3.4
RWA Renewal Documents
Quarterly NMMSS Reports - Transmittals
Quarterly NMMSS Inspection Records

Lawrence Berkeley National Laboratory
Contract 31 – Appendix B Performance Measures
Target Gradients
September 21, 2005

The following individuals met on September 22, 2005 and reached agreement on the following Section 8 target gradients:

1. Terry Owens – UCOP	2. Hattie Carwell – BSO	3. Kim Abbott - BSO
4. John Chernowski - LBNL	5. Dan Lunsford - LBNL	6. Dwayne Ramsey - LBNL
7. Adam Stone – LBNL		

8.0 - Sustain and Enhance the Effectiveness of ISSM and the Emergency Management System

Note: *Members listed above agreed to a scoring process of B+, and A, C, and F as ranges.*

8.1 "Provide an Efficient and Effective Emergency Management System"

To measure the performance of this objective, the DOE evaluator(s) shall consider the following:

- The Contractor's success in meeting Emergency Management goals and expectations

8.1A - The Contractor demonstrates Emergency Management success through EMAP Program Accreditation or NFPA 1600 compliance.

A	Conduct and complete an EMAP or NFPA 1600 compliance survey and corrective actions achieving compliance by 6/30/06.
B+	Conduct and complete an EMAP or NFPA 1600 compliance survey and corrective actions achieving compliance by 9/30/06.
C	An effective emergency management plan is in place, but not fully compliant with EMAP or NFPA 1600.
F	An effective emergency management plan is not in place by 9/30/06.

- The commitment of leadership to a strong Emergency Management performance is appropriately demonstrated

8.1B - The Contractor demonstrates its commitment of leadership to emergency management by assuring adequate resources are provided.

Target #1

A	100% (12/12) of the primary members of the Emergency Response Organization to attend one training class by 9/30/06
B+	90% (11/12) of the primary members of the Emergency Response Organization to attend one training class by 9/30/06
C	70% (8/12) of the primary members of the Emergency Response Organization to attend one training class by 9/30/06
F	40% (5/12 or less) of the primary members of the Emergency Response Organization to attend one training class by 9/30/06

Target #2

A	Upgrade site-wide fire alarm communication system by installing end-of-line monitoring system by 3/31/06.
B+	Upgrade site-wide fire alarm communication system by installing end-of-line monitoring system by 9/30/06.
C	End-of-line monitoring system not completed by 9/30/06, but does not adversely impact the other two fire alarm communication system upgrade projects.
F	Little or no progress made on installing end-of-line monitoring system.

- The maintenance and appropriate utilization of Emergency Management procedures and processes are effectively demonstrated

8.1C - The Contractor demonstrates effective utilization of emergency management procedures and processes through exercises.

A	100% (12/12) of the primary members of the Emergency Response Organization to participate in one exercise by 9/30/06
B+	90% (11/12) of the primary members of the Emergency Response Organization to participate in one exercise by 9/30/06
C	70% (8/12) of the primary members of the Emergency Response Organization to participate in one exercise by 9/30/06
F	40% (5/12 or less) of the primary members of the Emergency Response Organization to participate in one exercise by 9/30/06

8.2 "Provide an Efficient and Effective System for Cyber-Security"

To measure the performance of this objective, the DOE evaluator(s) shall consider the following:

- The Contractor's success in meeting Cyber-Security goals and expectations;
- The commitment of leadership to a strong Cyber-Security performance is appropriately demonstrated;

8.2A The Contractor Demonstrates Commitment to Improvement through the conduct of internal and external reviews and the timely completion of approved corrected action plans.

A	0 POA&Ms overdue to target and/or >2 assessments performed.
B+	1 POA&M overdue to target 2 assessments performed annually.
C	2 POA&Ms overdue to target and/or 0 assessments performed.
F	>2 POA&Ms overdue to target and 0 assessments

- Integration of Cyber-Security into the culture of the organization for effective deployment of the system is demonstrated; and

8.2B The Contractor integrates security practices into the culture of the organization by training employees on their security responsibilities.

A	Improved Computer Security Training Program in place and greater than 80% trained and/or expanded to beyond targeted organizations.
B+	Improved Computer Security Training Program in place and 80% of employees trained in targeted organizations.
C	Improved Computer Security Training Program in place, but fewer than 80% of employees trained in targeted organizations.
F	Improved Computer Security Training Program not in place.

- The maintenance and appropriate utilization of Cyber-Security risk identification, prevention, and control processes/activities.

  8.2C The Contractor Demonstrates its commitment to risk management by conducting risk assessments and mitigating unacceptable risks.

A	All enclaves risk assessed, risk agreement in place, and POA&Ms in place for mitigations.
B+	All but one enclave with risk assessments completed. Residual risk agreement in place and POA&Ms created for mitigation activities.
C	Half of enclaves risk assessed with POA&Ms created for mitigation activities.
F	Fewer then half of enclaves risk assessed with POA&Ms created for mitigation activities.

8.3 "Provide an Efficient and Effective System for the Protection of Special Nuclear Materials"

To measure the performance of this objective, the DOE evaluator(s) shall consider the following:

- The Contractor's success in meeting Safeguard goals and expectations

  8.3A - Complete the development and implementation of internal procedures to implement DOE Manual 474.1-2A in a graded approach.

A	Develops and implements EH&S Procedure 740 Nuclear Materials Accountability by 3/31/06
B+	Develops and implements EH&S Procedure 740 Nuclear Materials Accountability by 5/31/06.
C	Develops and implements EH&S Procedure 740 Nuclear Materials Accountability by 7/31/06
F	Developing and implementing EH&S Procedure 740 Nuclear Materials Accountability not in place by 9/30/06

- The commitment of leadership to strong Safeguards performance is appropriately demonstrated

8.3B - Demonstrate effective implementation of the safeguards system graded approach through an external review.

A	Schedules and conducts peer review of its safeguards program and procedures by 5/31/06
B+	Schedules and conducts peer review of its safeguards program and procedures by 7/31/06.
C	Schedules and conducts peer review of its safeguards program and procedures by 9/30/06
F	Scheduling and conducting a peer review of its safeguards program and procedures not achieved by 9/30/06

- Integration of Safeguards into the culture of the organization for effective deployment of the system is demonstrated

8.3C - Develop corrective actions for review findings and submits to BSO for approval.

A	Develops and submits peer review Corrective Action Plan to BSO by 7/31/06
B+	Develops and submits peer review Corrective Action Plan to BSO by 8/30/06
C	Develops and submits peer review Corrective Action Plan to BSO by 9/30/06
F	Peer review Corrective Action Plan not submitted to BSO by 9/30/06

- The maintenance and appropriate utilization of Safeguards risk identification, prevention, and control processes/activities

  8.3D – Special Nuclear Material controlled and maintained in accordance with safeguard processes and activities.

A	100% (17/17) of safeguards process and activities (inventory, reporting, and authorization renewals) completed on schedule.
B+	85% (14/17) of safeguards process and activities (inventory, reporting, and authorization renewals) completed on schedule.
C	70% (12/17) of safeguards process and activities (inventory, reporting, and authorization renewals) completed on schedule.
F	40% (7 or less) of safeguards process and activities (inventory, reporting, and authorization renewals) completed on schedule.

Note: Lawrence Berkeley National Laboratory does not have classified matter or property

8.4 "Protect Classified and Sensitive Information"

Note: Lawrence Berkeley National Laboratory does not have classified or sensitive information